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Japan

Hashimoto on Possibility of New Auto Disputes

OW2906135595 Tokyo NHK General Television Network in Japanese 1012 GMT 29 Jun 95

[Interview via satellite with Ryutaro Hashimoto, international trade and industry minister, in Geneva, by NHK announcer Miyuki Morita in NHK studio in Tokyo on 29 June — recorded; from "NHK News 7" program]

[FBIS Translated Text] [Morita] I would like ask you about the details of the agreement. Whether Japanese automakers would increase their purchases of foreign-made auto parts was a major point of conflict. On this issue, the Japanese Government has said that it has not made a promise regarding figures. However, President Clinton referred to specific figures at a news conference and said it is possible to measure the details of the agreement using figures. Are you not concerned that the figures specified in the agreement will take on a life of their own in the future in the form of a promise between the two governments?

[Hashimoto] No, they will not, because this is specified in the joint announcement. For example, in the joint announcement released by the Japanese International Trade Minister and U.S. Trade Representative [USTR] Mickey Kantor, Mr. Kantor certainly mentions estimated figures. In the second paragraph, however, he clearly wrote that Trade Minister Hashimoto made a statement to the effect that the Japanese Government was not involved in the calculation of the estimated figures because they go beyond the government's responsibility, and that Minister Hashimoto said the figures are only USTR estimates. In addition, as for the Japanese private sector's plans, on which the U.S. side based its estimates, it is specified in the joint announcement that the private sector's prospects do not constitute a promise; that the achievement of the plan will be affected by a change in market conditions — a change in the exchange market, for example — and that the plan will not be subject to so-called sanctions under trade law. Knowing that, I said that the Japanese Government will not hold itself responsible for the figures estimated by the U.S. Government. For that reason, I do not think the figures will cause a problem.

[Morita] So, you mean that even if the Japanese automakers fail to meet the figures, new friction between Japan and the United States will not develop?

[Hashimoto] Yes, that is correct. As I emphatically said just now, this is clearly specified in the agreement. If a so-called failure to meet the figures is called into question by the U.S. Government, I cannot help but regard this as an act of breaking a promise — there is no other suitable Japanese expression for this, I think.

[Morita] The Japanese market has been opened up due to the strong pressure of the United States. As for the gap in domestic and foreign prices, for example, there is a growing view within Japan that deregulation should be drastically and actively promoted. Do you have any measures to meet such a request?

[Hashimoto] I do not think the Japanese market is more closed than the public believes. Japanese people themselves firmly believe the market has a closed nature. For example, Mr. Brittan of the EU often said to me that he shares the same feeling with the United States about the closed nature of the Japanese auto market. But I told him that the market share in Japan of automobiles produced by the EU is 5.4 percent, while the EU's share of the U.S. market is 3.6 percent. Then I asked him why he thinks the market in which the EU has a 5.4 percent share is closed and the market in which the EU has a 3.6 percent share is open. He said it is hard to sell in Japan. So, taking advantage of this opportunity, I want the private sector to listen to what I say. We, the government, intend to make all-out efforts to promote deregulation and abolish regulations without affecting the safety of the people. However, if the business practices of private industries are found to be unacceptable to foreign nations, I want them to correct such practices. If certain business practices adversely affect consumers, I want each industry to take serious actions toward correcting them. We earnestly ask them to do so. To that end, I — although it came up on the agenda for the negotiations here as a main topic — will stress anew, in a meeting with the prime minister and those concerned after returning home, the necessity of enhancing the functions of the Fair Trade Commission. I will make utmost efforts to have the people understand that the Japanese markets are open to them by establishing such a system and proving that the system works well.

[Morita] Thank you very much. You must be tired, but thank you.

[Hashimoto] Thank you very much. Excuse me for looking sleepy.

Tokyo, Pyongyang Formally Agree on Rice Supply

OW3006002995 Tokyo KYODO in English 2349 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Japan formally agreed with North Korea early Friday [30 June] to deliver 300,000 tons of rice to the communist state to help it cope with a food shortage, capping six days of tough negotiations, Japanese officials said.

Under the agreement, Japan will supply half of the rice free of charge via the Japanese Red Cross Society and the remaining half under a 30-year yen loan contract with a 10-year grace period, they said.

The interest rate will be set at 2 percent for the grace period and 3 percent for the remaining years, they said.

They did not provide other details, but noted both sides will sign the agreement, as early as Friday afternoon, including an appendix that stipulates Pyongyang will not use the rice for military purposes or resell it to third countries.

In signing the formal contract, Japan will promise to consider providing an additional amount of rice to meet North Korean demands, they said.

They said a first consignment of rice will be shipped to North Korea as early as July. The rice to be shipped to Pyongyang will be that imported from China and Thailand to make up for the poor Japanese harvest in 1993, they said.

South Korea has already agreed to provide North Korea with 150,000 tons of rice.

U.S. Intervention in APEC Criticized

OW3006035495 Tokyo RONZA in Japanese Jul 95 pp 32-35

[Article by Mitsubishi Corporation Vice President Makoto Kuroda: "APEC Needs No Fences"]

[FBIS Translated Text] Over the last few years, Asian leaders have been nothing short of very confident in their declarations. Singapore Senior Minister Lee Kuan Yew predicts that the East Asian economies, which have been the driving force behind world economic growth, will maintain their 5-6 percent annual growth rates and, by 2000, will rank equal to the GDP's of Europe and North America, then by 2015, will have surpassed them by 50 percent. At a May 1994 Asia Society meeting, Malaysia Deputy Prime Minister Ibrahim Anwar noted: "It has been 500 years since Vasco da Gama landed at Calcutta. During that period, Asia was overwhelmed and bound by the values of Western civilization. Today, Asia is finally standing up on its own, and we have begun to assert ourselves." At the time, the papers were filled with stories of the friction between the United States and China over human rights issues and of the punitive whipping in Singapore, reflecting the dichotomies between Eastern and Western civilizations. Yet, this statement unhesitatingly reflects Asian confidence.

Since the beginning of last year, I have visited over 10 Asian countries and personally witnessed the tremendous outpouring of energy. Without exception, all the capitals of the ASEAN nations have become modern urban centers. Shops overflow with goods, and nary an empty showcase is to be found. I was most impressed that, even in Beijing and Hanoi, link routes to the airports had been completed in record time.

Until the seventies, the primary issue in the world trading system was how to close the economic gap between developed and developing countries, the so-called North-South problem. Since the eighties, in the wake of two oil crises, the situation has dramatically changed. The take off of the economies of Korea, Taiwan, Hong Kong, and Singapore (the NIE's: newly industrializing economies) have been closely followed and duplicated by development in ASEAN countries. Today, China, Vietnam, and India are on the road to economic success.

In recent years, Japan's economy has been in a sorry state. Despite this, it is a fact that it is very much in Japan's best interests that the Asian nations surrounding it, with the exceptions of Russia and North Korea, have vigorous economies and are politically stable. Our issue now is to find and pursue a course that maintains the region's favorable economic course and promotes sustained growth. In this sense, the convening of the heads of state and senior officials for the APEC (Asia Pacific Economic Cooperation) conference in Osaka in November is of paramount importance.

However, the print media reports that, in acting as conference chair, Japan is having some difficulties in coordinating the setting of concrete parameters for goals for regional trade liberalization (developed nations by 2010, developing nations by 2020) as called for in last year's Bogor Declaration. Adamantly in favor of multilateral trade liberalization, the United States announced at a senior administrative level meeting of government representatives: "Our superiors have set us a clear task. We are to quickly establish a blueprint for putting trade liberalization into practice. No cutting of corners will be tolerated." On the other hand, the Asian countries are dubious about the thrust of the U.S. emphasis on trade liberalization, and maintain that it is too soon to create a blueprint.

Going straight to the conclusion here, there is no reason to expect a detailed blueprint to emerge from the Osaka meeting and no reason to create one. If such is the case, I would like to present my opinions on how Japan, as meeting chair, should lead the conference.

Differences With the Government Guided NAFTA

Earlier, we pointed out that the economic vitality and political stability of East Asia serve Japan's best interests, and that the issue now is for Japan to find policies that maintain economic growth in this region. To my way of thinking, APEC was originally conceived in 1987 to achieve precisely these ends; what motivated member nations to band together to discuss cooperation was the need to preserve the momentum of economic development and to eliminate the obstacles that hinder growth.

By way of comparison, Europe has its EU (European Union) and North America has NAFTA (North American Free Trade Agreement). Various arguments have been put forth in favor of establishing a similar structure in Asia, to better compete with such multilateral integrations. However, both NAFTA and the predecessor to the EU, the EEC (European Economic Community), were implemented under government guidelines for the purpose of integrating the economies of countries across international boundaries. In other words, these are "joint customs houses" or "free-trade zones" that serve to discriminate between insiders who are part of the region and outsiders. In direct contrast, dynamic economic growth throughout Asia has been achieved solely through free and open competition, in the natural process of which came forth an economic interdependence that led in turn to economic integration. Therefore, there are few who see any need to establish a man-made, formalized framework to govern market exchange patterns. This reflects a fundamental disparity between guidelines promulgated by governments and principles born from the grassroots of the public.

This may be somewhat technical, but I would like to discuss GATT regulations. GATT's underlying principle is most favored nation status; it is unacceptable to apply customs tariffs and import quotas to discriminate between [trading] partners. The only recognized exceptions to this fundamental principle are customs unions and free trade regions. Customs tariffs and trade restriction levels are abolished between member states, but maintained against nonmembers. In a customs union like the EU, customs tariffs [towards nonmembers] are levied uniformly throughout, so once goods have entered the region they flow freely. In a free-trade zone like NAFTA, each country's customs [system] is left in place, so at the borders between affiliated countries, those goods that are identified as originating in member nations go untaxed while goods that are not must pay the difference in the customs tariff.

Understanding the difference compared to the EU and NAFTA is easy once the factors that contributed to East Asia's high economic growth rate are understood. When the Japanese [economy] forged ahead, the superiority of the Japanese people and Japan's unique nature were actively touted. The Four Little Dragons' success was widely attributed to Confucianism. However, Islam and Buddhism are also present throughout ASEAN countries. In its analysis, "The East Asian Miracle," the World Bank cited the emphasis on education as having allowed development of advanced human resources, the high savings rate making possible the high levels of investment, well planned government actions, and other factors. Economists noted the proper implementation of Asian macroeconomic management, advancements in the social infrastructure's foundations due to Japanese [financial] assistance and compensatory payments, as well as other factors. Furthermore, as far as actual conditions were concerned, the series of major changes such as the impact on U.S. manufacturing of the dollar that began its rise in the eighties, only to be followed by the rapid ascent of the yen in the latter half of the eighties and its impact on Japanese manufacturing, served as triggers for the export boom in manufactured goods [from Asia].

Free Market Principles Lead to a Favorable Cycle

However, I would like to think that the reason these factors worked synergistically as positive factors can be condensed into the respect this region's economies have for free market principles. In a nutshell, market principles are "part and parcel of wants." When people are allowed to unleash their full creativity in the market, the system efficiently works to take in the best ideas. When market principles are introduced and succeed, confidence in market principles rises even higher. The birth of this kind of good circulation is Asia's current condition.

Furthermore, a recent phenomenon that deserves our attention is the significant role played by direct foreign capital investment in economic growth and the competition between countries to attract such investments. Once, most foreign investments sought shares of protected domestic markets, and the standard of safety was the primary concern of investors. Now, however, foreign investors demand a less fettered investment environment. Reflecting this trend, countries are forging policies to liberalize foreign investment. Last summer, Indonesia approved 100% foreign controlled investments and have done away with requirements that capital be completely locally controlled in the end. The result was a significant increase in foreign investment.

Investment flows in this region are also accelerating. It may be only natural that investments in China are lead by Hong Kong and Taiwan; but Taiwan is also the largest investor in Malaysia, and Hong Kong is the largest investor in Indonesia. Korean enterprises have investments everywhere and Singapore's investments are prominent in China, India, and Burma. Under the

"Southern-oriented policies" standard hoisted by the Taiwanese Government, investments in Indonesia and Vietnam are expanding.

What can be understood from all this is that East Asia is experiencing a natural move toward voluntary trade and investment liberalization. The lively dynamism may accelerate this trend, but will certainly not slow it down. However, each country does have some backwards industries, so it is important to understand the current reality that no promises can be made to develop a uniform program that will achieve trade and investment liberalization in a step-by-step manner.

So, how do we read the U.S. administration's eagerness for a trade liberalization blueprint? President Clinton has strongly emphasized that the expansion of exports, in particular, is the key to U.S. economic growth. Targeting a stronger relationship with the Asian Pacific region, which is just waking up to growth, he took the initiative and gathered the APEC countries' leaders in Seattle in November 1993. He appealed for the promotion of trade and investment liberalization in the region, and strongly emphasized strengthening APEC functions. At last year's head of state meeting, using the report of the eminent persons' group as his base and leveraging President Suharto's powers of guidance, an agreement on liberalization targets was reached.

This reasoning of President Clinton was also reflected in the Inter-American Conference held last December. Here, an agreement was reached to create the FTAA (Free Trade Area of the Americas) and liberalize trade by 2000. I am certainly ready to affirm the value of an approach in which everyone cooperates to reach this ambitious goal. However, what does the United States really think about the prospects for integrated liberalization? At this point, when the GATT Uruguay rounds have just been concluded after seven years of talks, would it not be logical that the nations involved are worn out from negotiations and in no position to move?

One other problem is the issue of who will be affected by the benefit of trade liberalization. The reason for the confusion is that the phrase in the Bogor Declaration, "trade liberalization for those regions that observe GATT principles," was unclear in terms of whether those countries not affiliated with APEC would be discriminated against or not. The reason is that the eminent persons' group report, which was the basis for the declaration, left that point unclear, and included both arguments. In the background is the stand of the U.S. Congress and others. "If the benefit of our liberalization in the most favored nation status is applied in a one-way manner, for example to EU countries, it would merely acknowledge their free ride and destroy the opportunity to force their liberalization," which was taken into account by Chairman Fred Bergsten when he made his overbearing remark. If this kind of thinking is adopted, logically, APEC must become a region of liberalized market economies. However, as I indicated earlier, I do not believe that the number of people who think that new "fences of discrimination" should be built is large.

Propose Worldwide Liberalization Negotiations

In terms of creating a blueprint at the Osaka meeting, it is proposed for the time being that the so-called concerted unilateral liberalization approach be taken, in which each country independently forms plans for liberalization, and submits these plans at the same time. It would be good if Japan would build on this, bringing the proposal before the WTO (World Trade Organization), which commenced operations this year, and initiate the start of worldwide talks on liberalization. If the United States is willing to make preparations for liberalization with the countries of East Asia and South and Central America, and in addition to engaging in mutual liberalization with Europe, then worldwide liberalization is a possibility. It would be an excellent major undertaking for the newly founded WTO, and it also suits the Bogor Declaration's purpose to commence preparations for this kind of new initiative.

Furthermore, APEC's goal is not limited to "trade liberalization," but is reflected in a set including the pillars of "smooth trade [relations]" and "economic cooperation." "Smooth trade" includes discussing the simplification of customs procedures, making standards and certification systems uniform, and introducing mutual approval systems and other reforms to elements of the current systems that impede the flow of trade, in the expectation that trade will expand. "Economic cooperation" entails strengthening regional cooperation to take up and address factors that could serve to interfere with economic growth, such as the nurturing of human resources indispensable to economic development, the cultivation of small and medium enterprises that are the backbone of the industrial structure, promoting scientific and technical cooperation, forging a strong social infrastructure, and cooperation in the areas of energy and environment and other issues. Japan's experience is particularly relevant in this area, and Japan is expected to provide financial support.

For Japan, the Osaka meeting provides a rare opportunity to take the lead as the chair, an opportunity that comes along only once every 10 years or so. It would be in our best interests to throw ourselves fully [into the effort]. However, from the vantage of APEC, this is but one step in a long, drawn out process. As a long-term goal, the issue of promoting U.S. style liberalization is significant; the diversity of conditions throughout the countries of Asia must also be taken into consideration. If we see well-balanced progress in each of the three pillars essential to this region's continued economic growth, it can be said that the objective of the meeting will have been attained.

NEC To Transfer Chip Technology To China

OW3006045795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 1

[FBIS Translated Text] NEC Corporation will transfer to China advanced semiconductor microprocessing technology capable of producing key memories. A joint-venture chip plant, which is expected to become the most advanced chip plant in China, will produce the memories in quantity beginning next summer. The Chinese Government intended to develop electronics technology into a strategic industry, but the regulations of the Coordinating Committee for Multilateral Export Controls (Cocom) have made it difficult for China to acquire semiconductor technology from Western nations. The Chinese chip market is expected to grow faster than any other Asian chip market. American Telephone and Telegraph Corporation and Hitachi, Ltd., are now studying the possibility of moving into China to enter the semiconductor business. The possibility has emerged that the transfer by NEC Corporation of advanced technology to China will help that country's semiconductor industry make a great leap forward.

What NEC Corporation plans to transfer to China is the technology for drawing circuit patterns for integrated circuits (IC) in lines of 0.8 micron. Shoudu Electronics Company (based in Beijing and headed by Toshihito Kuniyoshi), a joint-venture company that was set up jointly by NEC Corporation and a Chinese steel maker four years ago, will introduce the semiconductor technology. The microprocessing technology is originally designed to manufacture 4- megabyte DRAM (Dynamic Random Access Memory), but for the time being it will be used to manufacture 8-bit microprogram control units (MCU) for assembly of commercial electronic appliances, for which demand is growing in China. Shoudu Electronics Company is now using outmoded technology capable of drawing IC circuit patterns in lines of 1.2 microns to manufacture remote control IC's and four-bit MCU's for assembly of commercial electronic appliances. In the semiconductor field, Siemens of Germany and Phillips of the Netherlands are operating in China, but their technology is only capable of drawing IC circuit patterns in lines of 2 to 3 microns. Toshiba Corporation has only a semiconductor assembly plant in China, and Shoudu Electronics Company is known to have the most advanced semiconductor plant in China.

Shoudu Electronics Company plans to use the introduction of the semiconductor technology from Japan as an opportunity to boost the production capacity of the plant at a cost of more than 10 billion yen.

Three years ago, NEC Corporation planned to transfer technology capable of drawing IC circuit patterns in lines of 1 micron to China, but the transfer was blocked by administrative guidance from the Ministry of International Trade and Industry, which feared a violation of Cocom regulations. NEC Corporation decided to transfer the technology to China after concluding that the "breakup of the Cocom in 1994 has removed all obstacles under the Export Management Law," (as former Managing Director Sasaki says).

China is now scrambling to develop its semiconductor industry because the IC is the key to competitiveness in all industries. While the MCU is used to manufacture such commercial electronic appliances as VTR's, television sets, and key electronic parts of automobiles, the DRAM is used in quantity to manufacture personal computers and memories. The Shoudu Electronics Company plant now imports most of its semiconductors. If the Chinese semiconductor industry is left as it is, undeveloped, it will be difficult for China to maintain its international competitiveness in commercial electronic appliances and automobiles or to develop an export- oriented industry. For China, therefore, the domestic production of semiconductors has become indispensable.

According to an American survey company, more than $3 billion worth of semiconductors are sold on the Chinese market; and the amount is expected to grow three times to $7 billion in 1997, surpassing sales on the South Korean market. Largely because of the "technology containment" regulations of the old Cocom, the technology of Chinese semiconductor makers falls far below world standards. In the past few years, therefore, China has strongly urged semiconductor makers in Japan, the United States, and Europe to transfer their advanced technology.

Coalition Agrees on Policy To Reduce Surplus

OW2906135695 Tokyo KYODO in English 1342 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The tripartite ruling coalition has drafted a policy accord which includes a pledge to reduce Japan's current account surplus to 1 percent of gross domestic product (GDP), coalition sources said Thursday [29 June].

Coalition officials will formally endorse Friday the "final draft" of the policy accord, which has been planned as a joint election pledge for the House of Councillors polls set for July 23, and convey it to Prime Minister Tomiichi Murayama.

The ruling alliance also vows to consider measures to deal with bad loans held by financial institutions, including use of public funds, as early as the extraordinary Diet session this fall, the sources said.

The measures will address such issues as disclosure of related information and clarifying the responsibilities of troubled financial institutions, they said.

The draft reiterates that the coalition would promote disarmament and take a cautious stand on the issue of whether Japan should have a permanent seat on the UN Security Council, which were included in a previous policy accord made a year ago between the three ruling parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake.

The new accord has taken requests by the SDP and Sakigake to state that Japan will foster disarmament while striving to promote trust between neighboring countries, and will take a cautious stand on the permanent membership issue, based on the development of UN reform, reactions from Asian countries and opinions of the Japanese people, the sources said.

The coalition promises efforts to give voting rights to overseas Japanese, review the voting system and revise a law to financially support political parties, all during the planned extra Diet session in the fall.

The agreement pledges Tokyo will set up a body to study Japan's policy on bond issuance, including the feasibility of the issuance of a new type of bond, and will use deficit-covering bonds when the second extra budget for fiscal 1995 and the fiscal 1996 budget are drafted.

The coalition also promises to promote transferring the capital from Tokyo by deciding on candidate sites within two years, they said.

Advisory Panel Urges Correction of Price Gap

OW3006094795 Tokyo KYODO in English
0832 GMT 30 Jun 95

[FBIS Transcribed Text] Tokyo, June 30 KYODO — A panel on price stabilization on Friday submitted a report urging the government to work out an action program to correct discrepancies between domestic prices and those abroad as well as the nation's high-cost economic structure.

The advisory panel to the prime minister said in its report that business practices and regulations restricting imports result in higher domestic prices.

Unnecessary business practices and regulations should be corrected, the panel said.

The government should thoroughly review or abolish regulations restricting new entry into markets and other practices and promote imports and foreign investment in Japan, the panel said.

Prime Minister Tomiichi Murayama, who received the report during the panel's general meeting, said correction of the price gap between Japan and abroad is an "extremely important task."

Based on the report, the government will work out an action program to promote deregulation and review business practices under a new six-year economic plan it will adopt this fall.

By one account, prices in Tokyo were 50 percent higher than those in New York as of last November.

MOF Reports Strong Yen Cutting Import Prices

OW3006094895 Tokyo KYODO in English
0837 GMT 30 Jun 95

[FBIS Transcribed Text] Tokyo, June 30 KYODO — The yen's continued gains against the U.S. dollar kept prices of imported goods falling in May, the Ministry of Finance [MOF] said Friday [30 June].

In a monthly report on customs-cleared import prices of 50 items of daily goods, the ministry said 39 items showed a price decline, of which 25 posted double-digit drops.

Import prices have fallen substantially due to the yen's appreciation, a ministry official said.

Prices of imported alcohol such as U.S. beer and Scotch whisky notably continued marking double-digit falls from year-earlier levels, and import prices of meat such as beef and chicken also declined over 10 percent, the ministry said.

Among 25 items of daily goods, for which retail prices were available, import prices of 21 declined in May, it said.

The dollar was quoted at an average 83.75 yen in May, down 18.7 percent from a year earlier, according to the ministry.

In a separate report on retail prices of 25 imported daily goods, the Economic Planning Agency said retail prices declined for 16 of the 25 items in June, reflecting lower import prices because of the strong yen.

Combined retail prices of the 25 goods showed an average 1.4 percent decline in June from a year before.

Retail prices of 355-milliliter cans of beer averaged 213 yen in mid-June, down 10 yen or 4.5 percent from a year earlier, and the average price for a 750-milliliter bottle of whiskey fell to 2,674 yen, down 101 yen or 3.8 percent from a year before.

BOJ, EPA To Reassess Economic Recovery

OW3006084895 Tokyo KYODO in English 0811 GMT 30 Jun 95

[FBIS Transcribed Text] Tokyo, June 30 KYODO — In response to a recent string of pessimistic economic statistics, the Bank of Japan [BOJ] will review its assessment that the economy has been in a stage of moderate recovery, BOJ sources said Friday [30 June].

BOJ Governor Yasuo Matsushita will make a new assessment that clarifies the fragility of the recovery, possibly at his press conference set for Wednesday following a two-day meeting of BOJ branch managers from Monday, the sources said.

Meanwhile, the government will also review its official assessment in its next monthly report to be released in the middle of July, government sources said.

The move came in response to growing fear of the economy slipping back into another recession amid increasingly unfavorable signs.

Among them are the prolonged doldrums in stock prices, the continuing strength of the yen, the worsening job market, near-zero growth in the fiscal 1994 real gross domestic product and a downswing in industrial production.

Earlier Friday, Economic Planning Agency [EPA] chief Masahiko Komura indicated the agency will review its economic assessment in the next monthly report.

The agency will study if there is any room to change its interpretation of various economic figures that had become the basis of its current assessment, Komura said, acknowledging that many people are questioning the validity of the assessment.

In the previous economic report, the agency painted a slightly more pessimistic picture by emphasizing the impact of the strong yen on some sectors. But the report basically held firmly to the official assessment that the economy is recovering moderately.

"There are heavy clouds. We can't see the sun. But it isn't night," Komura said.

Meanwhile, BOJ chief Matsushita has confirmed that the pace of economic recovery has slowed.

But he denied that the economy is dipping into another recession, saying the "forward strength of the economy has yet to be interrupted."

Matsushita also has brushed off fears of increasing deflationary pressure, saying prices are falling but that does not mean the economy is in such a stage.

The latest BOJ business sentiment survey reminded the public of positive factors, such as the first rise in corporate capital spending for fiscal 1995.

The expected assessment revision by both the BOJ and the government will prompt the central bank to study the necessity of a further easing in its credit policy, the BOJ sources said.

At the end of March, the BOJ declared it would guide money market rates significantly lower, and trimmed its key lending rate by 0.75 point to a record low of 1 percent in mid-April.

BOJ chief Matsushita has repeatedly said the central bank expects the effects of the eased credit, which he claims are already appearing, to spill over further to the entire economy.

The BOJ will likely use the phrase "pause" or "stall" in economic recovery in describing the current state of the economy, the BOJ sources said.

The assessment will be based on the views and opinions expressed in regional reports presented to the BOJ at the upcoming branch managers' meeting, the sources said.

The EPA will also make a harsher assessment in its next monthly report, the government sources said.

Earlier this year the EPA declared that the latest economic slump, which began in May 1991, had ended in October 1993.

The outlook, however, was clouded recently by the prolonged slump in stock prices and the lingering strength of the yen against the dollar.

Personal spending, which showed vigorous signs last year due to the hot summer, has recently lost steam.

The most serious figure is a decline in May industrial production for the second month in a row. With June and July figures also predicted to drop, production is expected to mark the first four-month string of declines since early 1993.

The Trade Ministry, which released the figures, said in the title of the May report, "production has stalled."

Nomura's Okumura on Current Economic Situation

OW3006020595 Tokyo YOMIURI SHIMBUN in Japanese 22 Jun 95 Morning Edition p 7

[Interview with Hirohiko Okumura, director in charge of research at Nomura General Research Institute, by YOMIURI SHIMBUN; date and place not given; first paragraph is YOMIURI SHIMBUN introduction]

[FBIS Translated Text] The growth rate for Japan's economy in 1994 remained at a low 0.5 percent in real terms and 0.3 percent in nominal terms. As a result of falling commodity prices, the nation now has an abnormal condition of the real-term growth rate surpassing the nominal growth rate. With commodity prices falling while the economy is going slow, there are now rising apprehensions about full-blown deflation wherein production, employment, and consumption would keep on shrinking in a vicious circle.

[YOMIURI SHIMBUN] How do you view the current condition of the Japanese economy?

[Okumura] Supply capacity is exceeding demand. Capital, production facilities, and labor are in excess. That is causing the products' prices to fall, and there is now asset deflation in land and stock. The fall in commodity and asset prices brings major damage to companies that have issued corporate bonds on fixed interest rates or individuals who are using housing loans. Interest rates on borrowing have gone down, pushed down by discount rates, but they cannot go below zero. If they keep on dropping as they are now, company profits will become poorer, and will cause further restructuring, which will mean possible layoffs. This deflation trend can destroy Japan's economic system.

[YOMIURI SHIMBUN] What are critical problems in the economic system?

[Okumura] Specifically, the pension, government finance, and banking systems. As for the pension system, while the investment yield on the reserves for retirement allowances is assumed to be an average of 5.5 percent a year, the actual yield is only 2.5 percent. Since the pension fund reserves amount to 200 trillion yen, the shortfall from the yield runs to 6 trillion a year. If things go on as they are now, pension payment as provided in the pension system will become impossible.

[YOMIURI SHIMBUN] What about the government finance and banking systems?

[Okumura] In the mid-term financial forecast, the economic growth rate for 1993-97 is assumed to be 5 percent per annum on a nominal basis, but it will not amount to more than 2 percent actually. Those assumed numbers are only as good as cakes in a picture. Shortfalls in tax revenues will be certain. For instance, housing loan specialty companies are supposed to pay 4.5 percent interest to Agricultural Ministry-concerned banking institutions. Under the given current economic conditions, paying such an interest rate is very difficult, and public trust in the banking system is being shaken up.

[YOMIURI SHIMBUN] What are the remedies?

[Okumura] The prime culprit of all the evils is the low economic growth. Japan's economic growth rate is not at a level to keep the economic system healthy. Some say conditions are getting better, but the fact is that they are not visible. Suffering will continue. What is essential is that the economic growth rate be brought up to a level befitting Japan's economic capabilities. At least, for the next five years while the labor population continues to grow, Japan should be able to achieve an economic growth of 3 percent in real terms.

[YOMIURI SHIMBUN] What do you propose specifically?

[Okumura] The 630-trillion-yen mid-term public works investment plan to begin in 1995 should be put into effect without delay, beginning with what can be started first. The plan is not being implemented, and the public works projects are in the state of being absent. Investments can be made in adopting high-level information systems, or in construction in earthquake-stricken areas.

[YOMIURI SHIMBUN] Investments in public works projects would accompany problems of securing sources of funds.

[Okumura] Japan's banking system exists on the premise that private sector deposits will be the key player. However, now the fact is that every year, funds of 50 trillion yen flow into insurance premium payments, pension payments, and postal savings while only 17 trillion yen is pooled into private-sector deposits in institutions like banks. In other words, there has been a considerable change in the flow of funds. Now it is necessary to induce these funds to flow into real investments. To do that, local government financial reform plans need to undergo fundamental reform.

The local government financial plans are largely dependent on banking institutions designated by prefectures. If banks are not capable of accepting municipal or prefectural bonds, that is a grave situation. It will be necessary to reform the system so that funds from insurance and pension payments may flow to local areas.

[YOMIURI SHIMBUN] What needs to be done about the problem of share prices' falling?

[Okumura] It is necessary to ease regulations on information like those banning advertisement intended to compare banks' programs. To deal with the problem of the fall in share prices, companies have raised the yields on shares, and many electric power companies have raised the annual yield on their shares to 2 percent. If the companies are allowed to explain this point to customers in comparison to interests incurred from savings deposits, for instance, more funds will flow into the stock market.

[YOMIURI SHIMBUN] Will that enable the country to realize a society of high-standard welfare in the 21st century?

[Okumura] There is no other choice but to revise the pension system after 2000 when the labor population will start to decline. To build up the reserve for retirement allowances and also to enable a soft landing for the economy, the next five years will be most crucial. Economic growth represents increases in wages, profits, share dividends, and interests paid. Nobody can be happy when growth is sluggardly. First of all, it is necessary to seriously recognize that we cannot defend our living standards as long as there is no economic growth. If government policy change is made based on that recognition, the economy will improve.

Editorial Criticizes New Pump-Priming Package

OW3006052295 Tokyo YOMIURI SHIMBUN in Japanese 28 Jun 95 Morning Edition p 3

[Editorial: "Economic Measures That Lack Punch, Compiled Without Any Sense of Crisis"]

[FBIS Translated Text] With the upper house election approaching, the ruling coalition parties are struggling to avoid being labeled "lacking in sound economic policies." Pressed by the ruling parties, bureaucrats have unwillingly gotten off their rear ends. This is the image one gets from examining the emergency pump-priming package that the government announced on 27 June.

To be sure, the pump-priming package does list certain measures: 1) boosting domestic demand by, among other steps, extending the ongoing special tax cuts for FY96; 2) structural economic reform, such as deregulation and promotion of research and development projects; 3) steps to counter the strong yen, such as those regarding employment and small and medium enterprises; and 4) steps to deal with the situation regarding financial and securities markets, including prompt review of plans to extend public funds to maintain the financial system and freezing of the "taxation on deemed dividends" in connection with companies' buying of their own shares.

Vowing to consider promptly the possibility of extending "public funds" to settle financial institutions' nonperforming loans is an appropriate measure considering the seriousness of the problem, which could lead the financial system into crisis. A mechanism should be promptly set up for using public funds, but only if it is made clear where the responsibility lies for poor financial management and if disclosure of management information is encouraged.

Freezing taxes on companies' purchases of their own shares has been sought by economic circles. To help invigorate the stock markets, companies are obligated to take full advantage of this.

On the whole, however, new, innovative policy concepts are nowhere to be found in the government's new package of economic measures. The Japanese economy faces its first post-war crisis, recording "zero growth" for four consecutive years and sitting at the entrance to full-fledged deflation. We do not feel any sense of responsibility or strong determination on the part of the government to somehow lift the Japanese economy from this crisis.

Plans to reexamine the securities transaction tax and land value tax as a way to invigorate stock market transactions and land sales were not included in the government's new pump-priming package. This was probably because the Liberal Democratic Party, which actively favors reviewing these taxes, and the Social Democratic Party of Japan, which is passive about it, were unable to narrow their differences. This goes to show the immobility of the unnatural tripartite coalition government and the limitations of its policies.

The new pump-priming package also fails to indicate the role of fiscal policy makers in preventing an immediate economic collapse. Essentially, it is the job of fiscal policy makers to fill the huge 20- to 30-trillion-yen gap between supply and demand. Even then, companies, consumers, and markets will start moving only if the government signals that it intends to drastically change its traditional, inflexible fiscal policies.

The government's latest package is entitled "Measures To Materialize and Reinforce Emergency Steps To Counter the Yen's Appreciation and Bolster the Economy." The government positions this package merely as a way to materialize and reinforce another package of measures it has neglected since announcing it last April. There are indications the authorities are merely trying to avoid being called on to take further fiscal steps, as far as possible.

Here we see the unbridgeable gap between the government and the private sector in assessing the economic situation. The government should promptly scrap its official view that the "economy is recovering" and get squarely involved in working out measures to counter economic stagnation and deflation. We wonder if it is correct to call it "recovery" when the Japanese economy has only shown an average growth of about 0.2 percent annually over the last three years.

The government also failed to include in its new pump-priming package any target figures for reducing the current accounts surplus. In the background of the yen's appreciation, which is hurting the Japanese economy, is the huge current accounts surplus, exceeding $100 billion. If the government were to voluntarily announce, among other goals, that it intends to have the surplus "halved in five years," the rising yen rate would probably take a different course. At the same time, it would prevent full-scale deflation. The government should work out more aggressive policies.

The ruling coalition parties have said that they plan to include in the "tripartite accords" to be concluded late this month a package of economic measures which are "so drastic that the government would be unable to spell them out." What a ridiculous idea! Are not the ruling parties supposed to manipulate the government? It should be kept in mind that the root causes of the current economic slump are public distrust and dissatisfaction with this kind of politics.

Japan is truly at a crucial point, where the economy will either rise from its crisis and structural reform will be fully implemented, or it will fall into the dark abyss of deflation.

National Defense Program Outline Reviewed

OW3006024495 Tokyo KYODO in English
0211 GMT 30 Jun 95

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Japan's 1995 white paper on defense called Friday [30 June] for troop cuts and better equipped and more flexible armed forces in response to changed security threats in the post-Cold War era.

The Japanese Government earlier this month officially launched the revision of its basic defense policy, the National Defense Program Outline, adopted in 1976 during the Cold War, which focused on defense against a small-scale invasion.

According to the white paper released by the Defense Agency, the new defense outline will be based on a broad review of national defense including the restructuring of troops and their stationing across the country.

While noting that the course of developments in the wake of the Cold War is "not clear," the white paper nonetheless acknowledges that the goal of a more efficient military can only be reached by a reduction of ground troops and front-line armaments such as tanks in exchange for more high-tech weaponry.

The annual report points to three security risks in Japan's immediate neighborhood — North Korea's developing of ballistic missiles capable of reaching Japan, China's rising defense expenditure and increasingly bold posture by its Navy to bolster its territorial claims in the South China Sea, and Russian troop concentration in the Far East.

Regarding the drafting of the new defense outline, expected to be completed by the end of the year, the white paper states that "the interest of the Japanese people is focusing on the review of our national defense after the end of the Cold War."

It stresses the Defense Agency's policy to push ahead with troop restructuring while taking into account changes in the military alliance with the United States, fiscal constraints, technological progress and a declining number of young recruits entering the Self-Defense Forces (SDF).

Given that drafting for the new defense outline is under way, it does not reveal details about the SDF reorganization.

But experts' recommendations submitted to Prime Minister Tomiichi Murayama such as troop cuts, purchase of modern and technologically advanced equipment and a more flexible response to various war scenarios will be reflected in the new outline, it said.

The draft outline that has become known so far calls for reducing the number of ground troops while making them more efficient and flexible to deal with "a variety of potential dangers" such as airspace invasion, terrorism, armed refugees and natural disasters.

Judging from the white paper, these essentials appear not to be up for change.

Regarding neighboring North Korea, which is suspected of developing nuclear weapons, the paper notes that the country "is believed to also possess biological and chemical weapons."

It notes with concern a lack of transparency as to how much of China's national defense budget goes into research and development of new weapons and that China is raising funds for the modernization of its military by exporting weapons.

At the same time, it concedes that China only "gradually advances the modernization of its military while giving most emphasis to the construction of the country's economy."

As for the Russian threat, it acknowledges a certain detente demonstrated by a drop in Russian military aircraft maneuvers close to Japanese airspace.

Murayama Interviewed on Domestic, Global Issues

OW3006052395 Tokyo NHK General Television Network in Japanese 1300 GMT 29 Jun 95

[Interview with Prime Minister Tomiichi Murayama by NHK deputy chief commentator Masaru Nakajima and announcer Miyuki Morita at the Prime Minister's Office in Tokyo on 29 June; program entitled "Interview With the Prime Minister" — recorded]

[FBIS Translated Text] [Morita] Mr. Prime Minister, I would like to solicit your cooperation in this interview. Mr. Prime Minister, you were elected the 81st prime minister of Japan in the Diet on 29 June last year, or today a year ago. Describing your feelings right after being elected prime minister, you said your heart was throbbing with emotion. Mr. Prime Minister, would you describe your forthright feelings about your service over the past one year?

[Murayama] Yes, one year has passed since I took office and the one year passed in the twinkle of an eye. This is what I feel. I also feel that the past year was a long time. I did not anticipate at all that I would become prime minister. I never dreamed of becoming prime minister. However, I was elected prime minister in the Diet. Over the past one year, I worked as hard as possible while thinking about what the people hoped and expected the most. I worked sincerely while thinking that all I could do was fulfill their expectations and hopes. In running the coalition government formed by three parties, to my fortune, I; Yohei Kono, president of the Liberal Democratic Party [LDP]; and Masayoshi Takemura, head of Sakigake, trusted each other, opened up our minds, and held discussions forthrightly. I now feel satisfied with what we did. Members of my cabinet shored up the cabinet while working hard on their respective assignments. I believe that many issues before my cabinet were resolved relatively smoothly.

[Nakajima] When I look back on the past one year, I believe that there were various problems with the Murayama Cabinet in handling crisis. Recently, a Japan airliner was hijacked. Police stormed the hijacked passenger airline for the first time in Japan. How did you feel at the moment the police stormed the plane?

[Murayama] I had no knowledge about what was going on inside the hijacked passenger jet. I did not know whether one hijacker or more than two were involved. I also did not know whether the hijacker carried explosives or not. I was really worried about the hijacked plane. Police dealt very cautiously with the case. What I said at first was that the lives of passengers and crew must be protected and the hijacker must be sternly dealt with. I asked police to deal with the incident in line with these two principles. I did not know what was going on inside the hijacked plane just before police stormed it. If something unusual happened inside the plane, it would have been a disaster. I was deeply worried. I think that the police dealt with the incident making a correct judgment. Officials at government ministries and agencies met to discuss ways to deal with the incident and exchanged information while maintaining close contacts with each other and giving necessary instructions. I was struck with the job they did. Firefighters and Self-Defense Forces personnel stood by near the hijacked passenger jet when the police stormed it. They were fully prepared to deal with the situation no matter what happened. I believe that government ministries and agencies dealt with the incident while maintaining close contact with each other. Their close contacts were a major factor in ending the case. I also believe that they did their jobs well in light of our experiences.

[Nakajima] Mr. Prime Minister, you said government ministries and agencies dealt well with the hijack case. In January this year, the great Hanshin earthquake occurred. Stern questions were raised about the ability of the prime minister's official residence to manage crisis. Mr. Prime Minister, looking over the past one year, what important lessons do you think the prime minister's official residence learned?

Unless accurate information about the scene of incidents are relayed to the official residence, we cannot grasp the situation or give out accurate, appropriate orders. In that case, I have no choice but to forthrightly admit that the official residence was unable to grasp the situation. As I have said in the past, I first learned of the great Hanshin earthquake from an NHK television newscast at 0600 [2100 GMT] and I thought that a disaster really occurred. At the time I heard that Kyoto was hit by an earthquake of magnitude 5, I phoned Kyoto to make inquiries. Replies to my inquiries were that the earthquake jolted the city, but caused no damage. I felt relieved. To speak honestly, I did not anticipate at the time that the earthquake inflicted such wide damage. Hyogo Prefectural Government and Kobe city officials were victims of the earthquake. Police officers and firefighters were also victims. I believe that under such a situation, there was some confusion. I believe that the official residence needs to learn lessons from handling the earthquake and study what it should do to deal perfectly with such an earthquake. As I said in reference to the hijacked plane, if a crisis occurs, government ministries and agencies should send their officials to the Cabinet Information and Research Office and they should collect information while working in the office so that the office can give out instructions to government ministries and agencies. I have been asking government ministries and agencies to do what they can under the present crisis management system. Police, firefighters, and SDF personnel will fly to disaster scenes by helicopter. Civilians, especially bus and power companies, will be asked to cooperate. The Cabinet Information and Research Office will be tasked with collecting accurate information and giving out all instructions. I believe this system should be built to handle future crisis. I do not think of this system as perfect. I am considering setting up a panel on preventing disasters. If established, I will ask the panel to study whether or not the government is able to handle any crisis with the current crisis management system. I feel the need to establish a perfect crisis management system.

[Morita] Aum Shinrikyo was involved in a series of incidents. Mr. Prime Minister, with what feelings did you watch investigations into the religious cult over the past two months from 8 March, when the religious cult launched sarin gas attacks on Tokyo subways, to the day when the cult leader Asahara was arrested?

[Murayama] Yes, I asked police and the SDF to cooperate with each other in investigating the religious cult. The police cautiously investigated the incidents and have uncovered their causes. In that sense, I believe that the police have investigated them tenaciously. The investigations are almost over thanks to police efforts and a whole picture of the incidents will soon come to light. I have asked government ministries and agencies concerned to study what they should do to prevent a recurrence of such incidents. I believe that such incidents should not occur again. I also believe that it is important for the government to thoroughly unravel the truth about the incidents and build a perfect system to prevent a recurrence of such incidents.

[Nakajima] Mr. Prime Minister, you just spoke about the prevention of a recurrence of such incidents. The series of incidents committed by the religious cult are inconceivable.

[Murayama] Yes, you are right.

[Nakajima] What will be the key measures to prevent a recurrence of such incidents?

[Murayama] The Aum Shinrikyo is a religious corporation. I believe that for that reason, the religious cult has done things differently from what other organizations have done. I think that the government needs to change its conventional view of religious corporations. My view is that freedom of religion must be respected. Religious organizations need to increase the transparency of what they do. On this occasion, I feel it will be necessary to conduct a thorough review. My view is that the government needs to review the Religious Corporation Law. The government should not cause any trouble for other religious organizations that are engaged in correct religious activities. Such an antisociety religious cult has abused the name of religious corporation. I believe that such abuse by the religious cult should not be allowed to continue. The government needs to crack down on the abuse. If there are any defects in laws and systems, those defects need to be addressed. The Tokyo metropolitan government has the authority to approve applications for establishing religious corporations if their headquarters are located in Tokyo. The religious cult did not confine its activities to Tokyo. It carried out activities nationwide in Japan. It carried out its activities in foreign nations, even in Russia.

[Morita] Mr. Prime Minister, have you not keenly felt the toughness of your job as prime minister whenever such incidents and disasters occur?

[Murayama] Yes. I have felt that. As prime minister, I have to bear responsibility for such incidents and disasters. My view is that the people work at ease only after a solid system is established under which prime minister takes the responsibility. I believe that establishing such a solid system is the most important thing. If there was a loss of life in the hijack incident, as prime minister, I should have taken responsibility for it. Police arrested the hijacker without any accident and I was greatly satisfied with the police's handling of the incident.

[Nakajima] Japan has been thought of as a very safe country. However, seeing what we have experienced in the past year or half a year, we feel that the trust in Japan's safety is no longer valid. We would like to know what you intend to do to get this trust in Japan's safety back?

[Murayama] Earthquakes are natural disasters. We must admit that they cannot be prevented. However, we have to think about what we can do to minimize damage from such natural disasters, and have to translate it into actions. However, an incident like the sarin nerve gas attack is one that should not have happened. We must prevent recurrences of such incidents as best we can by dealing with those involved in them. We must make efforts so that the world will feel assured Japan is a safe place. I do not like to think that Japan is no longer a safe place because of that incident. As compared with other countries, Japan is still a safe society.

[Morita] The primary feature of the Murayama government is that it is a coalition of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and the New Party Sakigake [Harbinger]. I think there were both advantages and disadvantages to this coalition. Meanwhile, your goal has been to create a government that cares for the people. Do you think you have done satisfactorily in this regard in the past one year?

[Murayama] The coalition government is an outcome of the failure of any one political party to win a majority mandate from the voters. The parties chose that arrangement because there was no other alternative. The fact that the LDP won the largest number of seats in the Diet means that it has the largest number of supporters. When the coalition was formed, the SDPJ was the party with the second largest number of supporters. I think it is natural that the two parties with the largest numbers of supporters should assume control of government. I think the coalition of the LDP, the SDPJ, and Sakigake is necessary to assure stability to government. We no longer live in an age when parties fight over ideologies. The international situation has changed so drastically. Now we live in a time — as seen in the recent summit — when a Russian president can discuss frankly with Western leaders. It is no longer the time to confront over ideologies, even in Japan. It is a time for the parties to cooperate with each other in determining what policies are best for the country. In that context, I believe a coalition government is good.

Of course, there are policy differences among the political parties. What the parties must do is explain the differences so that the public may know them clearly. The parties must let the public in on the process of discussing policy changes. I think it is very important for the coalition parties to run their parties democratically. So far, the policy-related officials of the parties have made their best efforts to listen to public opinion. I think they have done well. From such discussions, I think, human trust develops and interparty trust is furthered. Perceptions of values are now so various. It has become difficult for one single party to muster enough power to gain control of government. I think we now live in a time when multiple senses of values are prompting multiple political parties. As such, the coalition in government will be here for some time.

[Nakajima] However, I feel this coalition arrangement works well sometimes, but not so well at other times. Let us take the case of the Diet passing an anti-war resolution. The SDPJ initially insisted on expressing in the resolution remorse as well as soul- searching on the war, but later on abandoned the part on remorse — in compromise. The resolution was finally agreed on in a sort of risky balance of party positions. Frankly, that makes me uneasy, making me wonder if the parties would do such a thing in policy matters as well.

[Murayama] I believe that, this year being the 50th year since the war ended, the Diet should pass that resolution in declaration of the country's resolve. When I met with ROK President Kim Yong-sam, he told me he did not want to talk about the past. He said he wants to look into the future, and noted that Japan-ROK relations have been built up based on mutual cooperation. He said the two countries should make further efforts to build up relations, looking into the future. However, he also noted that if Japanese politicians continue to argue over such an issue [whether or not to express remorse], the Koreans will not feel good. At that time, I told him that there are some Japanese people who think differently about the war, but a large majority of the people do not think that way. I asked him to believe me.

As there was such a conversation, I thought it was necessary that the Diet should pass a resolution representing the will of the people marking the 50th anniversary of the end of the war. And I asked the Diet to pass it. However, there were differences of views in the Diet, and the resolution was adopted in that way consequently. However, whatever the detailed expressions in the resolution may be, I believe it contains those essentials that are meant to declare that Japan, while fully aware of past history, is willing to contribute toward peace in the future.

The resolution may not have been 100 percent satisfactory. I wish it could have been passed with all in the Diet supporting it. I feel very regrettable in that regard. Nonetheless, I believe it would have gained the understanding of the nations.

[Nakajima] To be sure, that resolution motion was one case that was difficult for the parties to agree on. However, on the other hand, there have been cases that were easily resolved because there was the coalition government. One recent instance is the lawsuits over the Minamata disease, on which, it may be said, political solution has been found finally. Another case is the law on relief for atomic bomb victims. Can you say that the SDPJ's intention has been reflected through such actions?

[Murayama] The legislation on the atomic bomb victim relief law is something that the SDPJ has sought over a very long time. Even though the law does not respond 100 percent to the demands of the SDPJ or the bombing victims, still it was very good that the matter was finally resolved smoothly. I can say this was possible because we have this cabinet, which is led by the SDPJ, even though, of course, this has been made possible with the understanding and cooperation of other parties.

Even as far as the Minamata disease issue is concerned, so many people have lived in agony and difficulty for the past 40 years. They have become elderly. I think it is the government's responsibility to do something about them. I thought it was about time that the government came to a resolution and asked the people concerned to cooperate in resolving the issue. With the cooperation of the prefectural and city governments, the government has been find a general direction for resolving it. So now we are hoping to find a final settlement.

It should be admitted that all this would not have been possible if we did not have this typ??oalition government,

[Morita] Now, I would like to ask about your personal life. Could you tell us about your life in the past one year since you moved from the Dietman's residence to ?er's residence one year ago? And could you tell us what you are doing to keep yourself physically fit?

[Murayama] Physical fitness is a problem. Every morning, as soon as? I do some exercises, swinging arms and bending legs. However, I have no chance to go for walks. When I was a Diet member, I walked from the Diet member's residence to the Diet buildi?lso used my legs to get up and down stairs. Now I go everywhere by car, and I have no chance to walk. I suffer from a lack of physical exercise. My predecessors exercised by swimming fonstance, but I have no time for that, and I cannot do anything about this lack of physical exercise. I think I should do more walking.

Another point is that I am watched all day long. If you asked what I want most, I would say I want freedom . [Murayama laughs] That is the type of life I am having.

[Morita] A little later on, we would like to ask you about foreign economic issues, forthcoming upper house elections, and possible actions to follow the upper house election. [NHK program goes on break]

[Nakajima] Mr. Prime Minister, the Japan-U.S. auto negotiations were settled early this morning just before the deadline. What is your comment?

[Murayama] It was really good. I was relieved. When the Japan-U.S. summit talks were held during the Group of Seven [G-7] summit in Halifax, we discussed the auto trade issue a little. The negotiations were being carried out by experts, so there was not much for President Clinton and me to discuss. But we agreed on the point that the issue should not harm the friendly relations existing between the two nations. I told him that negotiations cannot be settled when one side shakes a fist or points a gun at the other side, and that this issue should be settled through frank discussions. Fortunately, last-minute negotiations were set up in Geneva, and I surmise that both Japanese and U.S. negotiators faced difficulties defending their interests. But they have finally reached an agreement through their patience.

Of course, it was impossible for each of us to completely realize our own demands. The agreement was reached in consideration of the demands of both the United States and Japan. Such an agreement may be criticized by some quarters. However, I think it was very fortunate that the dispute was settled under the international framework of the World Trade Organization [WTO] following international rules. The United States dropped its threat of sanctions under Section 301 of its trade law, while Japan also dropped its complaint with the WTO. The bilateral accord should not discriminate against the European Union and other nations. The agreement was supposed to be designed to be applicable to all nations, and, in this regard, I think it was very meaningful that the settlement was reached under the WTO.

[Nakajima] The Japan-U.S. negotiations had long been stalled over the issue of so-called numerical targets until the United States dropped the demand. However, Mr. Kantor referred to some target figures as the United States' own estimates. We are concerned that such estimates may be treated as numerical targets in the future. What is your comment on that point?

[Murayama] In consideration of such concerns, the joint statement clearly specifies that the estimated figures were produced by the United States and were not approved by the Japanese Government. On this point, the joint statement mentions the standpoints of both sides. I think there will be no problem in this regard because Japan's opinion is also noted in the statement. Numerical targets are to be established by individual private companies on a voluntary basis, and the government will have no authority or responsibility in this area. This point should be made clear, and, in this regard, I am satisfied with the statement.

[Nakajima] You have just referred to your meeting with President Clinton. Do you think that he sincerely desired to settle the issue, or do you think he wanted to impose sanctions regardless?

[Murayama] I thought he might go either way. He may be in a difficult position due to the upcoming U.S. presidential election. He might have had to take a definite position in order to get the most possible out of the talks. His rigid stance made the discussions difficult for the Japanese Government. However, the issue was settled through frank discussions, and I think this achievement should be highly rated.

[Morita] Mr. Prime Minister, in addition to a series of meetings with President Clinton, you have met many foreign leaders over the past year. You attended two G-7 summit talks, in Naples and Halifax, which is a unique experience as compared with that of some of your predecessors. Was there a difference in your impressions of the Naples summit, which was held immediately after your inauguration as prime minister, and the latest summit in Halifax?

[Murayama] I did feel completely different. I had a long career as a dietmember even before the Naples summit, but I seldom worked on diplomatic affairs. So, I went to Naples as an amateur, and, to my sorrow, I became ill during the summit. Compared with the Naples affair, I am probably better prepared at present. I will not say that I have become a professional, however. I have met with President Clinton four times already, and I have broadened my acquaintances with many foreign leaders. In this sense, the atmosphere in Halifax was much more comfortable for me. The G-7 is organized mainly by the United States and European countries, and Japan is the only member nation from the Asian region. I think such a forum is very important for Japan to build up common understanding on various international issues in harmony with other members. I think the G-7 plays very important security, political, and economic roles in the world, and I think Japan should attach much importance to being a member of the G-7.

[Nakamura] I would like to ask one more question regarding diplomacy issues. Japan has decided to supply rice to North Korea. It is natural to consider that intergovernmental negotiations between Japan and DPRK will begin with rice aid as a start. Mr. Prime Minister, how do you plan to promote negotiations?

[Murayama] The rice issue is a humanitarian question. Our negotiators are holding talks from the position that the government will live up to what it can regarding North Korea's requests. As I told President Clinton when North Korea's suspected nuclear development came into question, the present, unnatural situation in which we have not had diplomatic relations with our neighbor North Korea, even after 50 years since the end of the war, is by no means satisfactory. So, I think we have to normalize diplomatic relations with North Korea as early as possible. The possible normalization of relations between Japan and North Korea should contribute to greatly improving relations between North and South Korea. Carrying out such a process will lead to fulfilling a great role in creating peace on the Korean peninsula, as well as in the whole Asian region, including Japan. I think we have to persistently seek to establish such relations with North Korea. Fortunately, I think the way for holding talks on normalizing diplomatic relations will be paved from now on, and in this sense, I think we need to positively make efforts in good faith toward that end.

[Morita] The people, as mentioned earlier, hope to see that Japan remains a country in which they can feel secure and have peace of mind. At the same time, I think they hope to see a full-scale recovery of the economy. On the economic issue, do you still believe that the economy is on a path toward recovery?

[Murayama] Judging from the development of the economic situation, I thought that the economy hit bottom around autumn of 1993 following the collapse of the bubble economy, and that since then there have been signs of a gradual recovery. However, the rapid rise of the yen harmed the economy, dealing it a serious blow, and the direction of the economy has grown uncertain. In this way, I realize the economy is in a serious situation. To deal with the situation, I set up an emergency economic package in April to deal with the yen's appreciation. To give shape to the package while adding necessary supplementary measures, we have recently worked out the implementation.

One important point concerning the expansion of domestic demand is that we... [pauses] since the budgets have been compiled and local governments have been delayed in coming to terms with administrative work because of unified local elections this year... [pauses] in this way there was some delay in boosting the economy. We want to promote economic recovery by placing orders for 75 percent of public works projects in the first half of this fiscal year through cooperation between the central government and local governments. This is one point.

Another point is that we will continue to cut taxes as much as possible in order to have leverage on the economy. This is also an important point. Moreover, if we frontload all the public works projects in all areas, the local governments will be short of public works projects by autumn. Therefore, we need to fully consider the possible compilation of the second supplementary budget while seeing how far the economy will go. By making clear our overall prospects, I expect that those engaged in public works projects will have hope for the future. It is important that the government plan ahead so that they will be eager to work. In this sense, I want to push those points in a positive manner.

Moreover, as for the securities market in particular, it is necessary to activate the market. To make it active, we need to come up with measures to allow venture businesses to offer stock shares over-the-counter. In addition, when a company redeems its own stock, tax is imposed on the company. If this is a stumbling block to their business, we need to change the current tax system. Since this requires an amendment to existing law, we need to ask the Tax Commission to study the possible amendment, but I think we need to do whatever we can.

Moreover, financial institutions in particular, which serve as channels for the economy, are suffering seriously due to bad loans. Given such a situation, to stabilize the financial system as much as possible, I intend to study measures to help them by setting up in the near future a committee for stabilizing the financial system, the Financial System Research Committee. However, as represented in the case of a financial scandal involving two credit unions in Tokyo, we cannot use public funds irresponsibly. Therefore, we need to make clear where responsibility lies and make information available to the public, so that depositors can make their own judgment and hold themselves responsible. But if these measures are found to be insufficient to help them, we will have to study the possible application of public funds. In this sense, we need to restore order and stability in the financial system. During the course of carrying out such measures, we must try to get the nation's economy back on the path to recovery based on a comprehensive program.

[Nakajima] The House of Councillors elections are fast approaching. Voting has been set for 23 July. Please answer this question in your capacity as SDPJ chairman. Do you think the upcoming elections will be very tough for the SDPJ?

[Murayama] Today, there was a gathering at SDPJ headquarters to launch electoral campaigns. I said during the meeting that in an election, you are fighting somebody else. You have to have the will to win, and you have to go into the campaign with optimism and confidence. I told the gathering that the tougher the campaign is, the more it is worth fighting. I asked them to take that attitude.

In my job, I frequently receive letters and phone calls from people from all walks of life. They tell me that they hope the SDPJ will be more self-confident. It seems that even people in the party are saying that the SDPJ is doomed. These messages tell me that this is nonsense. I have been very much encouraged. In that sense, I think there are still people who pin their hopes on the SDPJ. We should be more confident in making them understand the SDPJ better to win their cooperation. What is important now is to establish a system for doing this. I asked all party members to strive and work in this direction. I hope they will work in such a spirit.

[Morita] What do you think of the recent phenomenon of distrust of existing parties and expansion of the number of nonsupporters of political parties?

[Murayama] In view of the serious criticism and distrust of political parties at present, various steps were taken, including strengthening the anticorruption law and changing the electoral system. In that sense, I think distrust of political parties is still very strong.

When I became prime minister, my first concern was that this administration should not do anything dishonorable. Therefore, we have to implement clean politics. There can be no compromise whatsoever on this point. I feel that is the determination we all must have. I think this is important.

Furthermore, in terms of policies, I think political parties need to make efforts to present their policies in a form comprehensible to the people at all times, subject them to criticisms and seek suggestions from the people. I believe there are still many areas where political parties are not doing what they ought to do. We are operating under parliamentary and party politics. Without trust in political parties, Japanese politics cannot be viable. I think we must all remember our responsibilities as politicians, and we need to exert more efforts to practice party politics properly.

[Nakajima] I will ask you a very candid question. What do you think will be the win-or-lose line for the SDPJ in the upper house elections?

[Murayama] Honestly speaking, I have said that I consider the number of seats we won three years ago as a basis of comparison. Of course, when you think of the situation three years ago and the present situation, there is a great difference in the difficulty we are facing. Nevertheless, despite such difficulty, I think if the whole party takes the attitude of doing its best to confront and overcome difficulties, we will be able to regain the people's trust.

[Nakajima] You mean the win-or-lose line is 22 seats?

[Murayama] Yes. That will be a basis, and we will work toward that.

[Nakajima] However, what happens if the number of Diet seats goes much below 22?

[Murayama] I have never considered that possibility.

[Morita] Is there a possibility that the coalition framework may change depending on the outcome of the upper house elections?

[Murayama] I cannot make a detailed prediction of the election results. This is what I think: The coalition is made up of three parties. The question now is that confidence in this administration is being tested in the elections. Therefore, we must come up with something that will be worthy of the people's confidence.

There are constituencies where we can cooperate, while in others, we are competiting against each other. The three parties should give full play to their unique identities and their strengths in certain policy areas, and seriously engage in electoral campaigning. If the three parties can increase the overall number of seats they hold, then this administration can be considered to have the people's confidence. This is the kind of electoral campaign I would like to see. Of course, a coalition administration has to put up with some restrictions. If we appeal to the people sincerely, we will be able to have their positive criticisms. I would like to see such an election.

[Nakajima] This will be the last question. We are now in the midst of political realignment. However, there can be no political alignment if lower house elections are not held under the new electoral system. Thus, the timing of the dissolution of the lower house and the holding of general elections is a key issue when you look at the political situation as a whole. As the prime minister, who has the power to dissolve the Diet, what do you think?

[Murayama] Right now, our hands are full with how to deal with the upper house elections. I have no time to think about Diet dissolution. There are so many important pending issues right now and the cabinet members are all working very hard. Nevertheless, I believe that we do need to find the right timing, create a situation wherein each party can explain its policies clearly to the people, and then consider an appropriate timing for Diet dissolution.

[Nakajima] Thank you.

[Morita] Thank you.

LDP's Mori Discusses Election Issues

OW3006040595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Jun 95 Morning Edition p 2

[Interview with Yoshiro Mori, secretary general of the Liberal Democratic Party, by unidentified NIHON KEIZAI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] [NIHON KEIZAI SHIMBUN] What will the campaign issues be in the forthcoming upper house election?

[Mori] Policies of individual parties are important, but it is also important to consider what the three parties should do together in the coalition government. We are now reviewing our achievements in the three-party agreement, and, on that ground, mapping out new tasks for the coalition government. Major policies that will be incorporated in the fiscal 1996 budget include pump-priming measures, administrative reform, deregulation, and reinforcement of local autonomy. These subjects will be followed by such issues as religious group control, crisis management, and disaster preparation.

Various tasks have been clarified through the Liberal Democratic Party's [LDP] tie-up with the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger], such as land taxation and revitalization of the securities market. Prime Minister Murayama has similar perceptions, and I think the coalition parties are getting ready for discussions on such issues as public expenditures for revitalizing the real estate market.

Coexistence With the SDPJ

[NIHON KEIZAI SHIMBUN] What will be the LDP's break-even point in the election?

[Mori] At this moment, all I can say is we will do our best to seek victory for all our candidates. We will support about 70 candidates in local and proportional representative districts. In proportional representative districts, the LDP seats must exceed those in the last election (19 seats in the 1992 election).

[NIHON KEIZAI SHIMBUN] What will be the break-even point for Prime Minister Murayama?

[Mori] The break-even points inevitably differ among coalition parties. No matter how many each party wins, the coalition government would be approved by the voters if it wins a majority in total. The coalition government can secure a majority if the three parties win over 45 seats total. That would be the break-even point, if I really have to indicate it.

If possible, the LDP wants to win a majority by itself in the upper house. We wanted to support two candidates for some two-seat districts, but we decided to seek co-existence with the SDPJ, considering the circumstances of the founding of the coalition government. We hope the SDPJ will secure those seats.

[NIHON KEIZAI SHIMBUN] The public is criticizing political parties' support for entertainers as candidates....

[Mori] Personally, I was not quite agreeable to supporting entertainer candidates. But we should not fill up all proportional representative seats with ex-bureaucrats and organization leaders. In a sense, we should do something to bid for popularity for the LDP, and we must consider using some eye-catchers to draw public attention to the election.

External Economic Relations Minister Post May Be Created

[NIHON KEIZAI SHIMBUN] What are the prospects for the next cabinet reshuffle?

[Mori] Taking into account the fact that the no-confidence motion against the cabinet was rejected by an overwhelming majority, I do not really feel the need for an immediate cabinet reshuffle. A minor reshuffle may be insufficient to manage (the political scene after the upper house election), and we may have to think about reinforcement of cabinet functions to handle economic relations, particularly with foreign countries. Hashimoto, Ministry of International Trade and Industry [MITI] minister, is doing a good job in negotiations with U.S. Trade Representative Kantor; but, in his position, he cannot always give priority to international harmony. Coordination of external economic relations is important, and we may have to consider reinforcement of the cabinet in this field.

[NIHON KEIZAI SHIMBUN] Do you think a dissolution of the lower house and a general election are coming soon?

[Mori] Anything can happen, depending on the results of the upper house election. But some people say that, tactically speaking, the LDP would do better to reinforce the unity of the party by sticking to the coalition government until formulation of the fiscal 1996 budget.

Importance of Position on Support of Murayama

[NIHON KEIZAI SHIMBUN] Will you support reelection of President Yohei Kono (concurrently the deputy prime minister and the foreign minister) in the LDP presidential election in fall?

[Mori] Mr. Kono took charge when the LDP was in a most difficult period (as an opposition party), and he carried out political reform, party reform, and a comeback to the ruling coalition. The LDP charter allows presidents to serve up to four years, and he should demonstrate his qualifications for reelection in a dignified manner.

[NIHON KEIZAI SHIMBUN] Some LDP watchers speculate MITI Minister Hashimoto and some others may stand against Mr. Kono in the presidential election. What is your comment on that?

[Mori] At present, the LDP has two major difficulties within the party — inter-generation frictions and the rise of the former Takeshita faction. These moves are creating power struggles, but we must not forget the LDP has not yet won back public confidence. While the LDP is beginning to show its bad habits after its return to the ruling coalition, we must remember the LDP is not yet a full- fledged ruling party. The public is watching the sincerity of our support for Prime Minister Murayama.

[NIHON KEIZAI SHIMBUN] Mr. Seiroku Kajiyama, your predecessor, has recently referred to possibilities of tie-ups with certain Shinshinto [New Frontier Party] quarters. What is your attitude toward such moves?

[Mori] The LDP leadership has long been trying to tie up with independent conservatives. As an opposition party, the patchwork party (Shinshinto) can do nothing while it calls itself a "reformist party," and, under such circumstances, those who remained in the LDP are much more valuable as politicians.

North Korea

Foreign Ministry Memorandum on Peace Mechanism

SK3006083195 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 30 Jun 95

[Memorandum issued by the DPRK Foreign Ministry on 29 June — read by announcer]

[FBIS Transcribed Text] The DPRK Foreign Ministry released a memorandum on the 20th anniversary of the adoption of a resolution by the 30th UN General Assembly session regarding the Korean issue.

The memorandum of the DPRK Foreign Ministry:

It has been 20 years since a resolution calling for disbanding the UN Forces Command in South Korea, for withdrawing foreign troops from the Korean peninsula, and for replacing the Armistice Agreement with a peace treaty was adopted by the 30th UN General Assembly session in November 1975. However, not a single item of the resolution has been implemented so far. Thus, the situation on the Korean peninsula remains unstable.

The DPRK Foreign Ministry released this memorandum to clarify the stand of the government of the Republic concerning problems arising in implementing the UN General Assembly resolution on the Korean issue.

1. Sincere Efforts of the Government of the Republic to Implement the UN Resolution

The DPRK Government put forth reasonable measures and proposals and engaged in every possible effort to implement the resolution of the 30th UN General Assembly session and achieve a durable peace on the Korean peninsula. The government of the Republic has paid primary attention to talks with the United States in its efforts to implement the resolution of the UN General Assembly and to guarantee peace.

Demanding the removal of the military confrontation in Korea and the maintenance of a durable peace there, as well as the promotion of the country's independent and peaceful reunification, the resolution called for disbanding the UN Forces Command and withdrawing all foreign troops under the UN flag in South Korea; appealed to the actual parties of the Armistice Agreement to replace the agreement with a peace treaty to ease tensions and keep and consolidate peace in Korea; and urged North and South Korea to take practical measures to guarantee that they abide by the principle of the North-South joint declaration, stop the arms buildup, drastically reduce the military forces of both sides to an equal level, prevent an armed clash, and do not use arms against each other.

It is possible to implement the resolution only through negotiations with the United States, which is a direct party to the Korean Armistice Agreement, which has stationed its troops in South Korea, and which holds the prerogative of supreme command of the army as well as operational command.

In 1974, the government of the Republic proposed to the United States holding talks to replace the Armistice Agreement with a peace agreement, made active efforts to achieve the proposal, and has patiently waited for a positive response, keeping the door to dialogue open.

However, instead of acceding to DPRK-U.S. talks, the U.S. administration, along with the South Korean puppet army, has conducted the "Team Spirit" joint military exercise against us every year since 1976, even mobilizing nuclear weapons. In July 1979, it even canceled plans to reduce U.S. troops in South Korea, which had previously been announced to the world.

The government of the Republic has never stopped making efforts to prevent war and guarantee peace, even in the face of ever-increasing war threats. On 10 January 1984, the government of the Republic proposed holding tripartite talks between the DPRK, the United States, and the South Korean authorities, and put forth an epochal proposal to sign a peace treaty between the DPRK and the United States and adopt a nonaggression declaration between North and South Korea.

The U.S. demands were also fully considered in our proposal to hold tripartite talks. Originally, U.S. authorities began proposing tripartite talks in 1976. The talks were again proposed in the U.S.-South Korea joint statement released in July 1979 during President Carter's junket to South Korea. They were again proposed in President Reagan's speech to the South Korean National Assembly during his junket to South Korea.

Nevertheless, when we advanced the proposal for holding tripartite talks, U.S. authorities rejected the proposal and tried to further strengthen the political and military confrontation with us. Under these circumstances, out of a desire to ease political and military tensions between the North and South, and though it is not a package solution to the issue of guaranteeing peace, the government of the Republic set forth a new proposal on 30 December 1986 to hold North-South, high-level political and military talks, and has made patient efforts to hold such talks.

While making patient efforts to arrange talks among the parties concerned in order to guarantee peace on the Korean peninsula, the government of the Republic advanced arms reduction proposals for opening the road toward ensuring peace and taking active measures.

On 23 July 1987, the government of the Republic advanced a proposal for a phased arms reduction that calls for maintaining the balance of armed forces, not through strengthening them but through reducing them, thus reducing troops in the North and South to less than 100,000 each in three phases, accordingly achieving a phased withdrawal of the U.S. Forces from South Korea. It took a positive step to discharge 100,000 soldiers by the end of 1987 as a well-intentioned step.

After that, on 7 November 1988, the Government of the Republic, making the phased arms reduction proposal more concrete, advanced a comprehensive peace proposal to implement the principles of guaranteeing peace, of withdrawing U.S. Forces, and of achieving North-South arms reduction simultaneously while verifying these points.

On 31 May 1990, the government of the Republic also put forward various proposals to realize overall and complete disarmament and guarantee peace on the Korean peninsula, including the creation of trust, disarmament between the North and South, the withdrawal of foreign armed forces, and the adoption of a nonaggression declaration between the North and South.

Thanks to our repeated generosity and sincere efforts, the North-South high-level talks were held to remove the political and military confrontation between the North and South in September 1990. Through a series of talks, the North-South agreement on reconciliation, nonaggression, cooperation, and exchange was finally adopted in December 1991.

Based on this agreement, a nonaggression agreement was reached between the North and South, and the North-South Joint Military Committee was organized to supervise the implementation of the nonaggression agreement. Thus, a substantial foundation for preserving peace between the North and South has been provided.

Questions remain to be resolved only between us and the United States in implementing the UN General Assembly resolution for a durable peace on the Korean peninsula.

If the United States had accepted our fair and aboveboard proposals, the UN resolution would have been implemented long ago, the danger of war would have been removed on the Korean peninsula, and solid peace would have come to this region.

2. The Establishment of a New Peace Mechanism Is an Important Matter That Cannot Be Delayed Any Longer

1) Establishing a new peace mechanism in place of the outdated armistice system on the Korean peninsula is a very ardent matter that cannot be delayed any longer.

The United States, a signatory to the Korean Armistice Agreement, far from observing this agreement, has systematically wrecked and violated it.

Right after the Armistice Agreement was signed and its implementation begun, the United States unilaterally abrogated Paragraph 13D, the nucleus of the agreement.

Paragraph 13D of the Korean Armistice Agreement bans the reinforcement of combat aircraft, armored vehicles, weapons, and ammunition in Korea. It also stipulates that its implementation will be supervised and inspected by the Neutral Nations Supervisory Commission [NNSC] and its neutral nations inspection teams.

Right after the Armistice Agreement was concluded on 27 July 1953, the United States accelerated its preparations for war, bringing new operational material into South Korea on a large scale.

During the period between the cease-fire and 15 April 1954, the U.S. introduction of operational material into South Korea totalled 177 operational planes, 465 guns of various calibers, and 1,365 machineguns of various calibers.

At the 70th meeting of the Military Armistice Commission [MAC] on 31 May 1956, after its introduction of operational material had been continuously revealed, the United States unilaterally banned the activities of the neutral nations inspection teams that supervised the introduction of operational material into South Korea and forcibly withdrew them in June 1956, thereby dissolving the neutral nations inspection teams that had been organized and activated in accordance with the Armistice Agreement. Consecutively, at the 75th MAC meeting on 21 June 1957, the United States abrogated the observance of Paragraph 13D of the Armistice Agreement.

As a result, the basic legal provision within the Armistice Agreement to stop the reoccurrence of war vanished. In fact, it was from then that the Armistice Agreement and the cease-fire mechanism had been recognized as being unable to exercise any influence. The Pueblo incident in 1968, which led the situation to the brink of war by creating an acutely tense situation in Korea, and the U.S. helicopter incident in 1994, could only be settled through direct negotiations between the DPRK and the United States, and not through the armistice system. In addition, by scrapping Paragraph 13D of the Armistice Agreement, the NNSC, which had been organized to supervise the introduction of operational material, actually had nothing to do.

In doing so, the United States could freely bring in up-to-date weapons, including nuclear weapons, without restriction. The United States' abrogation of the paragraph of the Armistice Agreement on its own accord implies the abrogation of Paragraph 61 of the agreement which stipulates that the agreement can be revised and supplemented only when the two sides agree. In addition, this eliminates the legal foundation for maintaining the Armistice Agreement.

Furthermore, in March 1991, the United States appointed as the senior MAC member a general of the puppet army of South Korea, a country which is not a signatory to the Armistice Agreement, which objected to the conclusion of the agreement to the end, and which has no real power in maintaining the cease-fire. By doing so, the United States paralyzed the MAC, the sole supervisory mechanism for fulfilling the Armistice Agreement.

Under such conditions, the Korean People's Army took the step of recalling its members from the MAC; the delegation of the Chinese People's Volunteers could not help but withdraw. Under the condition in which the Chinese withdrew from the NNSC, other delegations of the NNSC, which relied upon the Chinese delegation, also could not help but withdraw.

Due to the United States' irresponsible acts in the past, the Korean Armistice Agreement has now become a mere scrap of paper with no content and form; the armistice supervisory mechanism, a tool for fulfilling the agreement, has remained like a house with no pillars.

The armistice system has become a system that cannot be rehabilitated or revived, and there is no other way but to replace it with a new system.

On the Korean peninsula, where vast armed forces confront each other along the Military Demarcation

Line, it is impossible to prevent a provocative situation with the present armistice regime.

The problem of providing an institutional machine to prevent the recurrence of war in Korea is an immediate task assigned to the real signatories of the Armistice Agreement.

2) The United States should remove the cloak of the UN forces from around the U.S. Forces present in South Korea.

The so-called UN forces present in South Korea, a legal party concerned with the Korean Armistice Agreement, are an anachronistic creature produced by the United States which abuses the name of the United Nations to justify the Korean war it unleashed.

The unjust resolution of the UN Security Council dated 7 July 1950, which the United States has to date claimed as the legal basis for establishing the UN forces in South Korea, was no more than a recommendation that the united command [tongil saryongbu] under the control of the United States use assistance provided by UN member states.

The so-called UN Command in South Korea is a camouflaged command created by the United States at its own disposition, and was not created by any United Nations resolution. Therefore, when the armistice was realized in Korea, all countries that participated in the Korean war, except the United States, withdrew their troops, not due to a UN decision but due to the decision of their governments.

The UN Command in South Korea today means the U.S. Forces command, and the UN forces are the U.S. Forces. In this connection, in a letter to the DPRK foreign minister dated 24 June 1994, UN Secretary General Butrus Butrus-Ghali said the Security Council did not found the combined command [yonhap saryongbu] as a body under its control, but only recommended the establishment of a command under the control of the United States, and that the disbanding of the UN Command is a matter of the authority for the U.S. Government.

Peace cannot be guaranteed on the Korean peninsula by the old armistice regime with the UN forces as a concerned party. The UN Command, an instrument of aggression in the era of the Cold War, should be disbanded without delay. Disbanding the UN Command is a decision for the United Nations and a demand of the international forces of peace.

The resolution by the United States adopted at the 30th UN General Assembly also contains a clause on entering negotiations to replace the Armistice Agreement and disband the UN Command if an alternative is available.

The DPRK put forward a proposal for a new peace mechanism in April 1994; the DPRK-U.S. framework agreement was adopted in October 1994 and has entered into the stage of implementation. Under these conditions, it is considered that an alternative has presented itself and conditions have matured to disband the UN Command.

The United States should make a resolute decision to withdraw its forces from South Korea as demanded by the UN resolution and sign a peace agreement with the DPRK, thus fulfilling its responsibility and role in ensuring peace on the Korean peninsula.

If the United States is not in a position to do so at once, it should disband the UN Command as mentioned in the resolutions offered by both sides.

If the United States ignores and turns its back on the DPRK's just demand, which it must accept, the DPRK Government will have no other alternative but to take unilateral steps to clearly liquidate the remains of the Cold War in Korea.

29 June 1995, Pyongyang.

KCNA Version of Memorandum

SK3006053995 Pyongyang KCNA in English 0521 GMT 30 Jun 95

["Peace Mechanism Should Be Established on Korean Peninsula Without Delay; Memorandum of DPRK Foreign Ministry; " — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — The Foreign Ministry of the Democratic People's Republic of Korea on June 29 published a memorandum on the 20th anniversary of the adoption of a resolution on the Korean question at the 30th UN General Assembly session.

The document says the Foreign Ministry of the DPRK publishes a memorandum to make clear the stand of the government of the DPRK concerning the question arising in implementing the UN General Assembly resolution on the Korean question.

In the first part the memorandum elaborates on the sincere efforts of the DPRK Government to implement the UN resolution.

The government of the DPRK has put forward reasonable ways and proposals and did all its possible efforts to implement the resolution of the 30th UN General Assembly session and achieve a lasting peace on the

Korean peninsula, the memorandum says, and continues:

The government of the DPRK has paid a primary attention to talks with the United States. In 1974 it proposed the U.S. side for talks to replace the Armistice Agreement with a peace agreement and on January 10, 1984, it proposed to have tripartite talks among the DPRK, the U.S. and the South Korean authorities.

With a view to easing politico-military tensions between the North and South of Korea, though it is not a package solution to peace guarantee, the DPRK Government set forth a new proposal on December 30, 1986 to hold high-level political and military talks between the North and South.

On July 23, 1987, the DPRK Government proposed to reduce the troops in the North and South to less than 100,000 each with three phases and, accordingly, called for a phased withdrawal of the U.S. Forces from South Korea. And it took a positive step to discharge 100,000 soldiers by the end of 1987 as a well-intentioned step. On November 7, 1988, the DPRK Government brought forward a comprehensive peace proposal to realise the principle of guaranteeing peace, U.S. troop pullout in parallel with arms reduction of the North and the South and verify them, which came in a concrete form of the phased arms cut proposal, and a wide-range proposal for universal and complete arms reduction and peace on the Korean peninsula on May 31, 1990.

Thanks to the sustained generosity and sincere efforts of the DPRK, "agreement on reconciliation, non-aggression, cooperation and interchange between the North and the South" was adopted in December 1991 and the North-South Joint Military Committee was organised to supervise the implementation of the agreed non-aggression. As a result, a substantial foundation for preserving peace between the North and the South has been laid.

The questions remain only to be resolved between the DPRK and the U.S. in implementing the UN General Assembly resolution for a durable peace on the Korean peninsula.

If the U.S. had accepted the fair and aboveboard proposals of the DPRK, the UN resolution would have been implemented long ago a danger of war removed from the Korean peninsula and a lasting peace settled in this region.

In the second part the memorandum says that to establish a new peace mechanism in place of the outdated armistice system in the Korean peninsula is an important matter which brooks no further delay.

The United States, a signatory to the Korean Armistice Agreement, far from observing it, has systematically wrecked and violated it.

Shortly after the Armistice Agreement was signed and its implementation began, the U.S. set out to unilaterally abrogate Paragraph 13 D, a nucleus of the agreement.

Paragraph 13 D of the Korean Armistice Agreement requires to "cease the introduction into Korea of reinforcing combat aircraft, armored vehicles, weapons, and ammunition" and stipulates that the neutral nations supervisory commission, through its neutral nations inspection teams, shall conduct supervision and inspection of the implementation in this respect.

When the shipment of its operational materials had been brought into light one after another, the U.S. side forced neutral nations inspection teams to withdraw in June 1956 and declared an abrogation of the observance of the Paragraph 13 D of the Armistice Agreement at the 75th meeting of the Military Armistice Commission (MAC) on June 21, 1957.

In fact, the Armistice Agreement and the ceasefire mechanism had since had no influence and the neutral nations supervisory commission had nothing to do in actuality.

The U.S. side abrogation of the paragraph of the Armistice Agreement at its disposition means the abrogation of the paragraph 61 of the agreement which is stipulated to be revised and supplemented only under the agreement between the two sides; it is the destruction of the legal foundation for maintaining the Armistice Agreement.

Moreover, in March 1991, the U.S. side paralysed the MAC by appointing to the post of "senior member" of the MAC a "general" of the puppet army of South Korea which is not a signatory to the Armistice Agreement but doggedly went against its signing itself and has no real power in the maintenance of the ceasefire.

Under such condition, the Korean People's Army side took a step for recalling its members from the MAC and getting delegations of the Chinese People's Volunteers and the Neutral Nations Supervisory Commission withdrawn.

Owing to the irresponsible acts of the U.S. side in the past, the Korean Armistice Agreement (KAA) has now become a mere scrap of paper with no content but form, and the armistice supervisory mechanism, a tool for fulfilling the agreement, has remained like a house with no pillars.

The armistice system has been unable to be rehabilitated and revived and there is no other way but to replace it with a new system.

To provide an institutional machine to prevent the recurrence of a war in Korea is an immediate task assigned to the real signatories to the Armistice Agreement.

The "UN Forces" present in South Korea, a legal party concerning the KAA, are an anachronistic creature produced by the United States by abusing the name of the United Nations to justify the Korean war after unleashing it. The United States must remove the cap of the "UN Forces" from its forces present in South Korea.

The "U.N. Forces Command" in South Korea is a camouflaged one made by the United States at its disposition, not by any resolution of the United Nations.

The "U.N. Forces Command" in South Korea means the U.S. Forces Command, and the "U.N. Forces" are the U.S. Forces.

Peace cannot be guaranteed on the Korean peninsula by the old armistice system with the "U.N. Forces" as a party concerned.

The "U.N. Forces Command", an aggressive tool in the era of the Cold War, must be dissolved without delay. Its dissolution is a resolution of the UN and a requirement of the international peace forces.

The DPRK put forward a proposal for a new peace mechanism in April 1994, the DPRK-U.S. framework agreement was adopted in October and has entered into the stage of implementation. Under this condition, it is considered that measures and conditions have matured to dissolve the "U.N. Forces Command".

The United States should make a resolute decision to withdraw its forces from South Korea as demanded by the UN resolution and sign a peace agreement with the DPRK, and thus fulfil its responsibility and role in ensuring peace on the Korean peninsula.

If the United States is not in a position to do so at once, it should dissolve even the "U.N. Forces Command", as mentioned in the resolutions offered by the two sides.

If the United States turns its back on the DPRK's just demand which it must accept, the DPRK Government will have no other choice but to take unilateral steps one by one to clearly liquidate the remains of the era of the Cold War in Korea.

Government's Stand 'Clarified'

SK3006105595 Pyongyang KCNA in English 1048 GMT 30 Jun 95

["DPRK Government's Stand Toward Implementation of Resolution of U.N. General Assembly on Korean Affairs Clarified" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — The Foreign Ministry of the Democratic People's Republic of Korea released a memorandum on June 29 clarifying the stand of the DPRK government toward the implementation of the resolution of the United Nations General Assembly on the Korean affairs.

The memorandum was published on the 20th anniversary of the adoption of the resolution at the 30th U.N. General Assembly session.

It says:

To establish a new peace mechanism in place of the old armistice system on the Korean peninsula is a very urgent issue the solution of which brooks no further delay.

It is owing to the irresponsible deeds of the U.S. side that the Korean Armistice Agreement has been reduced to a mere scrap of paper with no content but form and the armistice supervisory machine, an organisation for implementing the agreement, has remained like a house with no pillars.

It is a pressing task of those signatories to the Armistice Agreement to arrange an institutional mechanism for preventing the recurrence of a war in Korea.

The United States must remove the cap of "United Nations forces" from its troops present in South Korea.

The "U.N. forces command" in South Korea is a camouflaged one which was named by the United States at its disposition, not by any resolution of the United Nations.

The "U.N. forces command" in South Korea is precisely the U.S. forces command, and the U.N. forces are none other than the U.S. troops.

Peace cannot be ensured on the Korean peninsula by the old armistice system with the "U.N. forces" as a party concerned.

The "U.N. forces command", an aggressive tool of the Cold War, must be dissolved without delay. Its dismantlement is a resolution of the United Nations and the demand of the international peace forces.

The United States should make a resolute decision to withdraw its troops from South Korea in accordance with the U.N. resolution and sign a peace agreement with the DPRK, and thus discharge its responsibility and role for peace on the Korean peninsula.

If the United States is not in a position to do so at once, it should dissolve even the "U.N. forces command" as said in the resolutions offered by both sides.

If the United States neglects and turns its back on our just demands it should accept, the Government of the Democratic People's Republic of Korea will have to take one unilateral measure after another to clearly liquidate the aftermaths of the Cold War in Korea.

U.S. Korean War Memorials 'Anachronistic Acts'

SK3006111995 Pyongyang KCNA in English 1114 GMT 30 Jun 95

["Anachronistic Acts" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — A "ceremony for unveiling the monument to the Korean war" built in Washington will be held on July 27 and an express highway in New Jersey state was named the "Express Highway Commemorating the Korean War".

A signed commentary of MINJU CHOSON today brands this as an unpardonable insult to and mockery of the Korean people, who love justice and peace, and human conscience.

Such burlesques which are openly taking place in the United States are intended to cover true colors of the United States as an igniter of the Korean War and beautify its disgraceful defeat in the war of aggression against the DPRK, the commentary says, and goes on:

With nothing can the United States justify the crimes in the Korean War. If it truly wants peace and security on the Korean peninsula, the United States should discontinue the anachronistic acts of distorting the criminal nature of the Korean War provoked by it and whipping up a fever of war and honestly respond to the DPRK's just proposal for establishing a new peace mechanism.

We will sharply watch the U.S. movement and counter it.

U.S. Reportedly Stages Military Exercise 27 Jun

SK2906050895 Pyongyang KCNA in English 0422 GMT 29 Jun 95

["U.S. Stages Air War Exercise Against DPRK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — The U.S. imperialist warmaniacs staged a military exercise against the Democratic People's Republic of Korea on June 27 by letting more than ten pursuit-assault planes, VTOL [vertical takeoff and landing] assault planes and assault planes belonging to the U.S. Pacific Fleet fly to the air above South Korea from their overseas base and intensively strike appointed targets, according to military sources.

In another development, two overseas-based KC-135 air tankers made flights in the sky above the sea off Kunsan day and night on June 26 and 27 to refuel fighter planes belonging to the U.S. Seventh Airforce in an air war exercise against the DPRK.

The U.S. imperialist warmaniacs must clearly see the trend of the time and stop belligerent moves aggravating the situation of the Korean peninsula.

Inter-Korean, DPRK-Japan Talks 'Different'

SK3006071495 Pyongyang KCNA in English 0441 GMT 30 Jun 95

["Japan Must Take Independent Stand" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Some forces of Japan are spreading a rumor that inter-Korean dialogue and exchange are a "precondition" for the resumption of DPRK-Japan talks for diplomatic ties.

In this regard, a NODONG SINMUN analyst today says:

It is a preposterous jargon because the DPRK-Japan talks and inter-Korean dialogue are quite different in nature and content.

The former is, in true sense of word, a matter of the DPRK and Japan. What should be solved in the DPRK-Japan talks is apology and compensation for heavy damages and misfortunes Japan inflicted upon the Korean people in the past and the normalization of diplomatic relations.

Inter-Korean dialogue is, however, a matter to be solved by the North and the South of Korea. It is aimed at removing confrontation, promoting reconciliation and reunifying the country with great national unity.

It is clear that the two issues have nothing to do with each other.

Their attempt to intentionally link the two issues is an indication that they do not hope for the resumption of the DPRK- Japan talks.

Raising inter-Korean dialogue as a "precondition" for the restarting of the DPRK-Japan talks is also contrary to the four- party agreement for the resumption of the talks.

In the second article the agreement adopted by the Workers' Party of Korea and Japan's ruling parties specified that there is no precondition for the resumption of negotiations and the talks for the normalization of diplomatic relations between the two countries.

We cannot but express surprise at the fact that they are talking about a "precondition" against the spirit of the agreement.

The agreement also specified that the bilateral talks should be based on independent stand. So, the Japanese side must respond to the talks with such a stand. Otherwise, even if the talks were restarted again, it would fail to prove successful.

We are keeping a close eye on Japan's attitude.

Papers Comment on ROK Local Election Results

SK3006111295 Pyongyang KCNA in English 1104 GMT 30 Jun 95

["Papers on 'Election' Results in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — Pyongyang-based papers today comment on the results of "local autonomy elections" which were held in South Korea on June 27.

According to the "Central Election Management Committee" of South Korea, the Democratic Party and other opposition camp and independent candidates took ten out of posts of six "mayors of large cities" and nine "provincial governors" and 159 out of 230 posts of "mayors", "county headmen" and "ward heads".

Thus, the "local autonomy elections" in South Korea ended in the victory of the opposition camp including the democratic forces and in the defeat of the ruling camp of Kim Yong-sam.

In a commentary titled "Traitorous Group Suffers Crushing Defeat", the analyst of NODONG SINMUN says:

It is a due result that the Kim Yong-sam ruling forces suffered the most disgraceful defeat ever in the history of South Korean "elections".

Two years and four months have passed since the appearance of the Kim Yong-sam "regime". In this period, however, it showed poverty of politics and policies and experienced political failure caused by this poverty and a continuation of large accidents. As a result, "civilian politics" and "policy of reforms" which were raised in the early days of its rule have left no traces.

On the contrary, the complaints of the people groaning under the "civilian-veiled" fascist rule are roaring sky-high and national life has been driven into the slough of poverty day by day under the economic policy favouring the plutocrats and "sufferings-sharing" slogan for the popular masses. The people have clearly realised that any internal affair of South Korea cannot be solved as long as Kim Yong-sam remains in power.

On top of this, the sinister purpose pursued by the present South Korean rulers in North-South relations and all their anti-national, anti-reunification splittist moves have invited disappointment and indignation from the people.

It is only too natural that the South Korean people have turned their back on the Kim Yong-sam "regime".

MINJU CHOSON in a signed commentary titled "Stern Judgment on 'Democratic Liberal Party [DLP]'" says that the heavy defeat of the "DLP" is very natural and those who are forsaken by the people are destined for such a lot.

Mun Ik-hwan's Widow Visits Kim Il-song Statue

SK2906053795 Pyongyang KCNA in English 0426 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — Wife of Rev. Mun Ik-hwan, Presbyter Pak Yong-kil, representative of the meeting of the 70 million fellow countrymen for greeting reunification in South Korea and co-chairperson of the council of the family movement for realizing democracy, who has come here to honour the memory of the great leader President Kim Il-song on the first anniversary of his death, visited his statue on Mansu Hill on June 28 to pay homage to him and honoured his memory.

She laid a bouquet before the statue and made a bow with reverence for President Kim Il-song, the sun of the nation and the lodestar of national reunification.

Entertained by Christian Group

SK3006110595 Pyongyang KCNA in English 1057 GMT 30 Jun 95

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — The Central Committee of the Korean Christian Federation on June 29 gave a reception in honor of widow of Rev. Mun Ik-hwan, Presbyter Pak Yong-kil, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the Council of the Family Movement for Realising

Democracy in South Korea, who is in Pyongyang to commemorate the first death anniversary of the great leader President Kim Il-song.

Attending the reception were Yu Mi-yong, chairperson of the Central Guidance Committee of the Korean Chondoist Association; Yo Yon-Ku, presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland; Paek In-chun, chairman of the Central Committee of the General Federation of the Unions of Literature and Art of Korea; Kim Yong-ho, vice-chairman of the Central Committee of the Korean Social Democratic Party; Paek Nam-chun, director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland; Chang Chae-chol, chairman of the Korean Council of Religionists; Pak Tae-ho, chairman of the Central Committee of the Korean Buddhist Federation; and other officials concerned.

Addressing the reception, Yi Chon-min, secretary general of the Central Committee of the Korean Christian Federation, said Rev. Mun Ik-hwan was a pioneer of the reunification movement, who made great achievements for national unity and reunification, adding: The pastor visited Pyongyang in 1989, which made the first breakthrough in the wall of division, and gave a strong impetus to the reunification movement of the nation.

Respected President Kim Il-song, the great father of the Korean nation, held dear a patriotic deed of Rev. Mun who put his heart and soul into a patriotic work for reunification, putting aside difference in religious belief and political view and showed deep trust in and loving care for him. It was, indeed, the culmination of fervent love for the nation which transcended difference in ideology, social system, political view and religious belief.

I think the current tour of Mrs. Pak Yong-gil is an expression of the noble sense of obligation and firm will to bring into fuller bloom the close friendship and intimacy forged between the great President Kim Il-song and Rev. Mun Ik-hwan in the movement of national reunification, he said.

Pak Yong-kil in her reply highlighted the need to achieve an early reunification of the country as desired by President Kim Il- song, and called for achieving national reunification earnestly longed for by the 70 million fellow countrymen this year.

While in the northern half of Korea, I feel reassured to see the slogans saying that President Kim Il-song is always with our people, she said, and continued:

Rev. Mun Ik-hwan organised the 70 million Korean people's meeting for embracing national unification and put himself on the altar of reunification. In the South I heard people calling for embracing reunification and in the North I heard the people calling for greeting reunification. This made me feel that the South and North of Korea is one.

She hoped for a successful building of a "House of Reunification."

The reception proceeded in a cordial atmosphere full of compatriotic feelings and desire for reunification.

French Economic, PRC Jilin Delegations Arrive

SK2706215795 Pyongyang KCNA in English
1508 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — A delegation of the Jilin Provincial branch of the China-Korea Friendship Association headed by Ren Junjie, vice-chairman of the Standing Committee of the Jilin Provincial People's Congress, and an economic delegation of France headed by Pierre Ceyra, vice-chairman of the Association for the Promotion of Relations Between Europe and the Democratic People's Republic of Korea, arrived in Pyongyang today.

French Delegation Visits Statue

SK2906052595 Pyongyang KCNA in English
0424 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — The visiting French economic delegation headed by Pierre Ceyrac, vice-chairman of the association for the promotion of relations between Europe and the Democratic People's Republic of Korea, laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill and paid homage to him on June 27.

Recalling that he was honored with an audience of President Kim Il-song a year ago, the head of the delegation said he was fascinated by the president's personal appearance at that time.

"I feel as if I am being received by the great leader President Kim Il-song who is alive, not calling at his statue," he added.

PRC Guests at Kim Il-song Statue

SK2806042995 Pyongyang KCNA in English
0417 GMT 28 Jun 95

[FBIS Transcribed Text] Pyongyang, June 28 (KCNA) — The visiting delegation of the Jilin provincial branch of the China-Korea Friendship Association led by Ren Junjie, vice-chairman of the standing committee of the Jilin provincial people's congress, laid bouquets of flowers and made bows before the statue of the great leader President Kim Il-song standing on Mansu Hill on Tuesday.

Ren Junjie said Comrade Kim Il-song, the great leader of the Korean people, was the most intimate friend of the Chinese people and the most respected great brilliant commander.

The great leader Comrade Kim Il-song helped the Chinese people by defeating the Japanese imperialists in the period of the anti- Japanese armed struggle, he said, adding:

The two peoples of China and Korea would always struggle in close cooperation to build socialism in the future.

France-Korea Association Publishes Bulletin

SK2906102995 Pyongyang KCNA in English 1018 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — The France-Korea Friendship Association published a bulletin.

The bulletin gives an account of colorful functions held by the association on the occasion of the 53rd birthday of the great leader Comrade Kim Chong-il.

Carried in it are the gist of the agreement between delegations of the Workers' Party of Korea and the three ruling coalition parties of Japan for the resumption of DPRK-Japan talks, news of preparations in Korea for a Grand National Reunification Festival celebrating the 50th anniversary of the country's liberation, an article exposing the South Korean puppets' military provocations, a statement released by Guy Dupre, secretary general of the International Liaison Committee for the Reunification and Peace in Korea, calling for the demolition of the concrete wall in the Korean peninsula, and news of the South Korean people's anti-U.S., anti-"government" struggle.

WPK Delegation Attends Conference in Greece

SK3006014595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 25 Jun 95

[FBIS Translated Text] According to a news report, an international conference of the world's progressive political parties was held in Greece from 17 to 18 June.

The conference was held under the theme on a study of the causes and inevitability of the collapse of socialism in Europe.

In attendance at the conference were delegations and representatives of 25 political parties from 21 countries, including the delegations of the Workers Party of Korea [WPK]; of the League of Communists of Yugoslavia — the Movement for Yugoslavia; of the Communist Party of Germany; of the Communist Renewal of Italy; of the Communist Party of Denmark; of the Communist Party of Syria; of the Socialist Party of Bulgaria; and of the Progressive Party of the Working People of Cyprus.

Also in attendance at the conference were about 500 members of the Communist Party of Greece [KKE], including the honorary chairman and general secretary of the KKE's Central Committee, and members of the guiding organs of the KKE.

A report was made at the conference and speeches were delivered by the head of the WPK delegation, and the representatives from various countries' political parties.

Pak Song-chol Meets With New Zambian Envoy

SK2706110595 Pyongyang KCNA in English 1046 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — Moses Musonda, new Zambian ambassador E.P. [extraordinary and plenipotentiary] to Korea, today presented his credentials to Pak Song-chol, vice-president of the DPRK, at the Mansudae Assembly Hall.

Kim Yong-il, vice-minister of Foreign Affairs, was present there.

After receiving the credentials, the vice-president had a talk with the Zambian ambassador.

Kim Chong-il's Thanks Sent to Farming Volunteers

SK3006045195 Pyongyang Korean Central Television Network in Korean 1216 GMT 21 Jun 95

[FBIS Translated Text] A meeting has been held on the spot to convey the thanks from Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, to Choe Un-chol — of the plant where Comrade Kim Ki-chon is working as the plant manager-- and his fiancee Son Sun-ok — of the Sopo Railway Machinery Plant under the Ministry of Railways — who have voluntarily advanced to the Chonju Cooperative Farm in Hwangju County, North Hwanghae Province.

At the meeting, the thanks from the respected and beloved general were conveyed in the midst of the enthusiastic applause of the participants in the meeting. Discussions followed.

Those in the discussions said with a surge in passion: It is a natural rule of conduct for the leader's [suryongnim] fighters to voluntarily advance to the socialist rural areas to accomplish the fatherly leader's last wishes. This notwithstanding, the general sent his thanks to us in person and endowed us with love and care which we will pass on to the generations to come.

They stressed: With a view to return with loyalty, the great love and the trust shown by the general, we will more vigorously carry out the work to give support to the socialist rural areas with labor power and materials, and will achieve innovations in accomplishing the revolutionary tasks assigned to us.

After the meeting ended, they [Choe and Son] were seen off by participants in the meeting as they departed for the rural area. [sound of cheers and applause]

[Begin recording] [Choe Un-chol] Bearing in mind the love and honor of this day, I am firmly pledging to render my endless loyalty to the respected and beloved general from generation to generation.

[Son Sun-ok] As befits the young people of the new era, we are making a pledge to give only joy and satisfaction to the dear leader Comrade Kim Chong-il by farming well in order to accomplish the leader's last wishes without fail, in the rural area as well. [applause] [end recording]

Special Issue of Korean Yearbook Published

SK2906100895 Pyongyang KCNA in English 1002 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — A special issue of "Korean Central Yearbook" (1995) was published on the first anniversary of the death of the great leader President Kim Il-song.

The unexpected death of President Kim Il-song, a genius of humankind, was the biggest loss of our party and revolution and the greatest sorrow of the nation.

Upon hearing the sad news of the death of President Kim Il-song all people deeply mourned his death in sorrow and unprecentedly grand mourning ceremonies were held on a global scale. Furthermore, political figures of capitalist countries whose political views are different from ours shared sorrow with the Korean people and paid homage to him.

The Korean Central News Agency edited and published a special issue of the "Korean Central Yearbook" to hand down forever this sad historical event.

The issue consisting of four parts contains data concerning mourning ceremonies in Korea and different countries of the world from July 8, 1994 to the year end, immortal revolutionary exploits of the president and data and photographs on the Korean and world people revering him.

Anniversary of Kim Il-song's Death Marked Abroad

SK3006111695 Pyongyang KCNA in English 1108 GMT 30 Jun 95

[FBIS Transcribed Text] Pyongyang, June 30 (KCNA) — A memorial service was held by the Society for the Promotion of Relations Between Austria and the Democratic People's Republic of Korea upon the lapse of one year since the great leader President Kim Il-song passed away.

The participants placed a floral basket before a portrait of President Kim Il-song and observed a moment's silence.

In his speech chairman of the society Herbert Steiner said his excellency President Kim Il-song, who performed undying feats in the history of Korea and the world, was the greatest man and an elder statesman.

Lectures titled "Brilliant Life of the People's Leader" and "President Kim Il-song Will Be Immortal in the Hearts of Progressive Humankind" were given and the Korean film "They Were Always Together for the People" screened at the Harare Provincial Committee of the Zimbabwe African National Union-Patriotic Front and in Hwazana, Harare Province.

The opening ceremony of a Korean Film Week took place in Kinshasa, Zaire, on June 19.

Addressing the ceremony, Otete Gaston Mboyo [spelling of name as received], national chairman of the National Movement of the Genuine Lumumbist Combatants of Zaire, said President Kim Il-song will always be with humankind. It is Comrade Kim Chong-il, another brilliant commander produced by the world, who will guide the 21st century by carrying forward the cause started by President Kim Il-song, who guided the 20th century, he said.

LSWYK Professor Returns to Hometown Farm

SK2806055995 Pyongyang Korean Central Television Network in Korean 1100 GMT 27 Jun 95

[FBIS Translated Text] Deeply moved by the party's intention for all the party membership, the entire country, and all the people to support farms with labor, materials, and technology, Comrade Choe Song-hyok, senior professor of the Department of the Construction of the League of the Socialist Working Youths of Korea [LSWYK] in Kumsong Political University, volunteered to venture to his hometown in Mundong-ri, Pukchong County, South Hamgyong Province with his family. He decided to go to the socialist farm under the loyal determination to thoroughly implement the will of the fatherly leader, who cared so much for the country's agriculture, and to uphold our country and fatherland with rice.

Faculty and students of the university warmly bade them farewell at their departure.

Former Party Worker Volunteers for Farm Work

SK2906023895 Pyongyang Korean Central Television Network in Korean 1100 GMT 20 Jun 95

[FBIS Translated Text] Comrade Ko Pyong-ok, who used to work as a staff member of the primary party committee of the Puyun Prospecting Unit of Puyun District, Chongjin, voluntarily ventured to the socialist rural area some time ago.

Comrade Ko Pyong-ok, who ventured with his wife to the farm where Comrade Chang Kil-chon works in which the great leader's immortal leadership achievement dwells, has been doing the farming work excellently since he began to work there, thus enjoying compliment of those who are around him.

[Begin Ko Pyong-ok recording] I will devote myself, heart and soul, to thoroughly implement the behest and teaching the fatherly leader gave our farm. I firmly resolve to play the vanguard role in more firmly solidifying the socialist rural area. [applause] [end recording]

University PhD Candidates 'Venturing' to Farm

SK2906035395 Pyongyang Korean Central Television Network in Korean 1100 GMT 20 Jun 95

[FBIS Translated Text] While numerous cases of the beautiful deeds of voluntarily venturing to socialist rural areas are displayed by workers from various walks of life upholding the great leader Comrade Kim Il-song's wish in his lifetime, Comrades Chin Kwang-hyon and O Pil-yong, Ph.D. candidates of the doctorate institute at the Kim Il-song University, voluntarily ventured to the Sukchon Agricultural Complex and the Up Cooperative Farm in Pyongsan County with a burning desire to uphold our party with rice.

The respected and beloved General Kim Chong-il accorded them great love and consideration of commending the beautiful deeds of Comrades Chin Kwang-hyon and O Pil-yong, who are venturing to the socialist rural area when he received a report on it.

Comrades Chin Kwang-hyon and O Pil-yong, who are venturing to the socialist rural area, are filled with firm resolve to repay the respected and beloved general's love and consideration with loyalty by producing more rice.

Use of Coal Ashes, Chemicals on Crops Advocated

SK2906035195 Pyongyang Korean Central Television Network in Korean 1100 GMT 28 Jun 95

[FBIS Translated Text] According to data from the People's Grand Study Palace, vegetables, such as cabbage and radish, sprinkled with coal ashes mixed with chemical fertilizer, can grow well without being damaged by blight or harmful insects.

Mix the powdered coal ashes with nitrogen-, phosphate-, and kalium-compound fertilizer at the ratio of 1 to 9; add powdered seaweeds to this; and sift the whole mixed powder thoroughly. Then, the mixed powder becomes an excellent fertilizer that contains balanced nitrogen, phosphate, and kalium which are necessary elements for raising crops. Coal ashes also contain micronutrients. This fertilizer prevents crops from being damaged by blight and helps them grow well and keep them fresh.

As a result of test cultivation of the crops using the chemical fertilizer mixed with coal ashes, it was possible to harvest 15 percent more than usual cabbage and radishes and 8 percent more than usual potatoes and sweet potatoes.

Workers 'Voluntarily Advancing' to Mines, Farms

SK3006064395 Pyongyang Korean Central Television Network in Korean 1100 GMT 22 Jun 95

[FBIS Translated Text] Longing more for the fatherly leader with each passing day, many people across the country are voluntarily advancing to coal mines and socialist rural areas. Under these circumstances, some time ago, Comrade Kim Hyong-kuk, a worker of the work station where Comrade Ha Hyong-ung works, voluntarily ventured with his family to the Komdok Mining Complex.

[Begin Kim Hyong-kuk recording] All of my family have lived a really happy life in the bosom of the benevolent love of the great leader and the dear comrade leader. After coming into the northern half of the Republic as a volunteer soldier, my father (?enjoyed his life to his heart's content).

My family has actually lived without any worry, concern, or envy in my socialist fatherland which is full of benevolence-oriented and all-embracing politics.

How can I alone receive such love? That is why I have made a firm pledge to uphold our party's trust and love through the increase of minerals production, by rushing to Komdok where I will face hard and difficult work.

Harboring deep in my heart the decision to preserve the great leader Comrade Kim Il-song in an eternal state, I

(?will) fulfill my duty and mission as a member of the main force, the vanguard unit, of the revolution.

I firmly pledge to be ready as the genuine loyalist who will give only joy to the great leader [yongdoja] Comrade Kim Chong-il by producing more minerals. [end recording]

Six Reserve Stopes Arranged at Yongyang Mine

SK2906150595 Pyongyang KCNA in English
1501 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — Six reserve stopes were recently arranged at Yongyang Mine, one of promising magnesite production bases of Korea.

The capacity of the new stopes is nearly as much as that of the present ones.

They have favourable mining conditions.

New stopes make it possible to increase production 1.5 times at the mine.

Building of several new stopes results in increased production at the Sangnong Mine and the March 5 Youth Mine.

New promising stopes with big capacities are being built at many mines under the Ministry of Mining Industry such as November 8 and Songchon Mines, which are making the maximum use of the existing stopes.

Hochonggang Power Station Overfulfills Jun Plan

SK2906122695 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 28 Jun 95

[FBIS Translated Text] On 27 June, the Hochonggang Power Station overfulfilled its June plan and the plan for the first half of this year. Electricity producers at this power station, who have been waging a vigorous campaign since the start of this year to send more electricity to socialist construction sites in hearty response to the party's revolutionary economic strategy, produced 15.6 million kwh [kilowatt hours] more by operating the generators more efficiently. They also effectively maintained facilities, thus producing more electricity with the same amount of water.

The electricity producers of the first and second generator shops greatly increased electricity production. The workers of the electric machine shop responsibly performed preventive maintenance of facilities, thus contributing to overfulfilling the plant's plan for the first half of this year.

Implementation of Light-Industry Policy Urged

SK2906130695 Pyongyang MINJU CHOSON
in Korean 2 Jun 95 p 2

[Article by Choe Chong-hon: "Programmatic Guiding Principle That Should Be Firmly Grasped in Implementing the Party's Policy for the Revolution in Light Industry"]

[FBIS Translated Text] At a time when all people throughout the country are vigorously accelerating the general march to greet the 50th anniversary of the party's founding with high political zeal and brilliant labor success, upholding the party's militant slogans, today we significantly mark the fifth anniversary of the publication of the great leader Comrade Kim Chong-il's historic work "On Thoroughly Implementing the Revolution in Light Industry."

Greeting this day, all functionaries and working people are filled with the burning determination to effect a new turning in implementing the party's policy for the revolution in light industry by upholding with loyalty the ideology and leadership of the great leader Comrade Kim Chong-il, who glorifies the lifetime intent of the fatherly leader who devoted his entire life to providing our people with better conditions for material and cultural living.

In the work, the great leader Comrade Kim Chong-il summed up the success attained by our people in implementing the party's policy for the revolution in light industry under the leadership of our party, and fully elucidated the tasks and ways that arise in thoroughly conducting the revolution in light industry in conformity with the demands of the developing reality.

With the publication of the work, the mighty ideological and theoretical weapon, which should be consistently grasped in carrying out the revolution in light industry, has been provided.

For the past five years since the publication of the work, thanks to Comrade Kim Chong-il's energetic leadership, the entire country has seethed with the flames of the revolution in light industry; amid this struggle, a great advance has been effected in implementing the party's policy for the revolution in light industry. In other words, the foundation for light industry has been further strengthened, the quantities and varieties of consumer goods have further increased, and their quality has been further improved.

Today, chuche-oriented modern consumer goods production bases have been firmly built everywhere in the country; as a result, more light industry products of better quality that are needed in the people's lives—food, clothing, and shelter—are being produced and supplied. This fact clearly verifies the correctness and vitality of the ideology expounded in the work.

The great leader Comrade Kim Chong-il has indicated: "The revolution in light industry presented by our party is a struggle to expand and strengthen the light-industry production foundation on the basis of modern technology; to rapidly increase the production of people's consumer goods in a short period of time; to rapidly expand their varieties; to decisively improve their quality; and thus to smoothly meet the people's increasing quantitative and qualitative demands for consumer goods."

Light industry is an industrial sector that produces mainly consumer goods. As socialist construction is advanced, the people's demands for consumer goods further increase, and this requires a rapid development in all fields of light industry which take charge of producing almost all consumer goods. The revolution in light industry is a revolution to effect a great upsurge in the production of people's consumer goods, and thus to more smoothly meet the people's increasing demands for consumer goods. Therefore, only when we thoroughly carry out the revolution in light industry can we increase the varieties and quantities of consumer goods and improve their quality in all fields of light industry, including textile, foodstuff, shoes, and daily necessities, thus smoothly ensuring the people's demands in their living.

Our party's policy on thoroughly implementing the revolution in light industry, which is elucidated in the work, is based on the scientific analysis of the present situation for developing light industry in our country. Therefore, this policy by our party reflects our party's invariable determination and intent to momentously increase the production of consumer goods in the shortest period of time in conformity with the people's living conditions, which have already reached a high level, by reasonably mobilizing and utilizing the production potential already provided.

The work is a military banner to vigorously inspire all people throughout the country with today's sacred struggle for the enrichment and development of our country, our fatherland. The work is also a programmatic guiding principle that should be consistently grasped in the implementation of the party's policy for the revolution in light industry.

Above all, his work elucidates the detailed tasks to increase the quantity and varieties of consumer goods as well as increase the quality of those goods, thereby thoroughly helping to carry out the revolution in light industry.

The revolution in light industry is a revolution to enable our people to live a better life by smoothly guaranteeing an independent and creative lives for them. It is necessary to thoroughly conduct the revolution in light industry to smoothly satisfy the material demands of our people who enjoy a rewarding life in the fatherland of chuche where it is good to work and live. In this manner, it is possible to produce consumer goods of various kinds, both quantitatively and qualitatively, thereby satisfying the people's demand for a material and cultural life at a higher level.

His work elucidates the tasks to increase the quantity and varieties of consumer goods as well as increase the quality of those goods. His work stresses the need to quickly increase the production of good-quality textile goods and footwear by making the best and most effective use of the already-existing production capacity, while meticulously organizing and conducting the task in the light-industry sector of guaranteeing the supply of raw and other materials; responsibly managing facilities as befitting the masters; developing local industry; and continuing to vigorously conduct a campaign to produce the 3 August consumer goods. The work also stresses the need to produce more various kinds of staple food items, processed subsidiary food items, children's foodstuffs, cold beverages, luxury goods, ironware, electric appliances, and electronic appliances. His work also elucidates the detailed tasks to meticulously organize and conduct the task of increasing the varieties of consumer goods in order to actively develop the varieties and styles of consumer goods needed for the people's livelihood, including foodstuffs, kitchen utensils, clothing, footwear, school supplies, and articles for cultural use. In addition, his work stresses the need to conduct a vigorous struggle to increase the quality of goods, thereby producing goods as fine and as useful as possible. In this way, his work vigorously stresses the task of efficiently solving the question concerning consumer goods as quickly as possible, in conformity with the people's aspirations and demands and of providing the people with more abundant and civilized living conditions.

Next, his work clearly elucidates the ways to accelerate the modernization of light industry, thereby helping thoroughly conduct the revolution in light industry.

Without the modernization of light industry, it would be impossible to think of the rapid development of light industry. The modernization of light industry is an important task to equip light-industry plants with ultramodern science and technology; to increase the efficiency of production and the quality of goods in an epoch-making manner; to more smoothly satisfy the people's demand for consumer goods; and to liberate the workers from hard labor. When we modernize light-industry plants, we can place the production on a high, scientific foundation; can make the workers' labor less expensive and more enjoyable; and can achieve new developments and qualitative changes in the production of consumer goods, by increasing labor productivity and the quality of goods.

His work clearly elucidates the direction and ways that arise from accelerating the modernization of light industry. With regard to the modernization of light industry, his work elucidates the ways to construct more light-industry plants equipped with ultramodern technology by remodeling existing facilities and the production process with more advanced ones; it also elucidates the ways to accomplish the task of modernizing light-industry plants on a gradual basis, not doing everything at one stroke, and in a substantial manner, all the while enhancing the technical level of light industry and introducing into production comprehensive mechanization, automation, electronic computers, and robotics. The work calls for increasing the production of modern light-industry facilities, vigorously conducting the popular technological innovation movement, strengthening scientific research, and effectively conducting the work to raise technicians. In this way, the work provides guarantees to accelerate the modernization of light industry, thus further consolidating the material and technological basis of light industry; making the existing basis of production pay off; and producing many more high-quality consumer goods.

The work also calls on various sectors of the people's economy to positively assist light industry, thus helping thoroughly conduct the revolution in light industry.

Light industry is closely related to various other areas of the people's economy. Various areas of the people's economy are interconnected. Among them, light industry and the manufacturing industry relies on other areas most heavily. Among the massive tasks for implementing the policy for the revolution in light industry, such as the tasks to provide resources and materials to light-industry plants and to modernize light-industry plants, there are many tasks that cannot be conducted on the strength of light industry alone. Therefore, if various sectors of the people's economy do not help light industry, new advancements cannot be achieved in the production of consumer goods, and the revolution in light industry cannot be thoroughly conducted.

The work points out concrete tasks that various sectors of the people's economy should conduct to thoroughly implement the party's light-industry-first policy. The work calls on the chemical industry to produce more chemical fabrics, basic chemical products, dyes, paints, paper, and salt. The work calls on the metallurgical industry to satisfactorily supply steel products and nonferrous metals of various sizes and sorts as well as processed goods. The work also stresses a need for agricultural, fishery, and forestry sectors; the power industry; and the coal industry to satisfactorily produce and supply animal and vegetable raw material, wood, electricity, coal, and other resources and materials in a timely manner. The work also calls on the machine industry and electronic and automation industries to satisfactorily supply machinery and electronic and automation equipment that is necessary to modernize light-industry plants and expand their production capacities. It calls on the railway transportation sector to transport in a timely manner those materials necessary to increase the production of light-industry goods. It calls on the trade sector to import in a timely manner the resources and materials necessary for light industry. In this way, the work ensures that various areas of the people's economy vigorously assist light industry and momentously increase the production of consumer goods.

Today, the officials and workers who received the party Central Committee's slogans released on the 50th anniversary of the party's founding are very enthused in the spirit of struggle.

With great pride in implementing the great leader Comrade Kim Chong-il's noble intention to make our people the proudest and happiest in the world, all officials and workers in light industry must adhere to the policy presented by the work and thoroughly implement it to bring about new advancements in the development of light industry. In so doing, we must more vigorously display the superiority of our own style of socialism, which upholds the great leader Comrade Kim Chong-il in the supreme position.

South Korea

Seoul: N-S Cooperation Fund Finances Rice Aid

SK3006023295 Seoul THE KOREA HERALD in English 30 Jun 95 p 2

[FBIS Transcribed Text] The government decided yesterday to finance its rice aid to North Korea out of its inter-Korea cooperation fund, which is set to grow from its current 165 billion won budget to 220 billion won by the end of the year.

The decision was made at a meeting of relevant vice ministers presided by Deputy Prime Minister and Minister of National Unification Na Ung-pae.

Support from the inter-Korea fund, which is operated by the Ministry of National Unification, will be about 200 billion won, which will cover the payment for the purchase of 150,000 tons of rice and transportation and other expenses.

Rice Aid Suspended Over DPRK Flag Incident

SK2906232395 Seoul YONHAP in English 1527 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — The South Korean Government decided Thursday to stop additional shipment of rice to North Korea until authorities concerned of the North makes apology for having forced a South Korean rice-carrying freighter, Sea Apex, to hoist North Korean flag while anchoring in a North Korean port.

The government also instructed another vessel, the Ocean Adventure, which is presently on her voyage to the North Korean port of Chongjin carrying another batch of rice offered to alleviate North Korea's food shortage, to return to her home port, Mokpo.

Kim Kyong-ung, spokesman for the National Unification Board, said that the act of forcing South Korean ships to hoist North Korean flag was an apparent violation of a bilateral agreement reached in talks in Beijing.

He said that although North Korea's Samcholli General Corp. sent an apology for the incident, the South Korean Government could not accept it as an official position of North Korea. He said Seoul has decided to suspend additional delivery of rice aid unless Pyongyang makes a formal apology in the name of Chon Kum-chol, North Korean side's signatory to the Beijing rice accord.

Na: Flag Incident 'Intentional'

SK3006061295 Seoul YONHAP in English 0556 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Na Ung-pae, deputy prime minister and minister of the National Unification Board (NUB), expressed his hope Friday that the "ingongki (people's republic flag)" incident will not affect the second round of inter-Korean talks slated for mid-July.

His remarks suggest that if North Korea does not apologize for the incident, the second round of talks could be canceled. North Korea forced the "Sea Apex," the South Korean freighter which carried the first 2,000 tons of rice to North Korean port of Chongjin, to hoist the North Korean national flag, called the "ingong" flag.

South and North Korea had agreed at the rice talks held in Beijing earlier this month not to allow the South Korean freighters to hoist any national flag. The two sides are scheduled to hold another round of talks in mid-July.

At the meeting with reporters, Na said, "the ingongki-hoisting case is a very unfortunate and regrettable thing."

"We grasp the details of the ingongki case. [sentence as received] It was an intentional and severe violation of the agreement which threatened the personal safety of the crew members by forcing them to hoist the ingongki on the ship," Na said.

He hoped that North Korean authorities, not Samcholli General Corp., will appologize to the South and promise not to repeat the violation. "I hope that the rice provision to the North, which has great meaning, will contribute to the improvement of inter-Korean relations," he said.

Freighters With Rice Returning

SK2906233695 Seoul YONHAP in English 1830 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Under the South Korean Government's decision Thursday to stop additional shipment of rice to North Korea, three rice-carrying freighters of South Korea are returning to their home ports early Friday morning from their voyage to North Korea.

The Korea Maritime and Port Administration said that the vessels were on their way back to South Korea in protest against North Korea's recent action forcing a South Korean rice-carrying freighter, the Sea Apex, to hoist North Korean flag while anchoring in a North Korean port.

A spokesman of the administration said that the rice-carrying vessel, the Toljin-ho, was sailing back to South Korea after it was notified by the National Unification Board late Thursday afternoon. It was sailing toward North Korean port of Chongjin at 11:00 PM Thursday and was scheduled to berth at the port around 9:00 AM Friday.

Meanwhile, the other two freighters, the Ocean Venture and Hangjin-ho, were ordered to stop sailing and returning to nearby ports until separate orders are given to them.

Earlier in the day, Kim Kyong-ung, spokesman for the National Unification Board, said that the act of forcing South ships to hoist North Korean flag was an apparent violation of a bilateral agreement reached in talks in Beijing.

He said that although North Korea's Samcholli General Corp. sent an apology for the incident, the South Korean Government could not accept it as an official position of North Korea. He said Seoul has decided to suspend additional delivery of rice aid unless Pyongyang makes a formal apology in the name of Chon Kum-chol, North Korean side's signatory to the Beijing rice accord.

Vessels Arriving at Home Ports

SK3006080595 Seoul YONHAP in English 0800 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Two South Korean freighters which embarked on their voyage to North Korea carrying relief rice Thursday [29 June] returned to their home ports in the South Friday at the instruction of authorities.

The National Unification Board issued the instruction Thursday evening, protesting North Korea's forcing another freighter, the "Sea Apex," which delivered the first 2,000-ton batch of the 150,000-ton rice aid to the North earlier this week, to take down the South Korean national flag and to hoist the "Ingong (People's Republic)" flag of North Korea while approaching and docking at the North's Chongjin port last Monday.

The cement freighter "Eastern Venture," that sailed from Mokpo Port on the southwestern coast Thursday afternoon for the North's Chongjin Port carrying 3,500 tons of rice, is scheduled to arrive at the port of Pusan around 5PM [0800 GMT] Friday, according to its owner, the Taebo Shipping Co.

Another freighter "Haengjin" was anchoring off Mokpo Port Friday morning. The vessel departed Kunsan Port on the west coast for Chongjin Thursday afternoon with 2,500 tons of rice on board.

Daily Criticizes Sea Apex Action

SK3006102695 Seoul CHOSON ILBO in Korean 30 Jun 95 p 3

[Editorial: "Rice-Carrying Freighter Hoists the Flag of the People's Republic"]

[FBIS Translated Text] At North Korea's request, the 2,000- tonne freighter Sea Apex reportedly lowered the ROK national flag and hoisted the flag of the People's Republic from its highest point while unloading rice in North Korea. This is truly disappointing.

Under international law, a boat sails under the flag of the country in which it is registered, the flag flying from its mast. When unloading cargo at a foreign port, the boat moves the flag to the stern and hoists the foreign country's flag from its mast. The fact that North Korea forced the ROK freighter to lower the ROK flag is a violation of international law. As a matter of course, if North Korea had to demand the lowering of the ROK flag for its own reasons, it should not have forced the freighter to hoist the flag of the People's Republic. The ROK freighter meekly complied with North Korea's demand, which is truly a national disgrace.

We do not know what sort of agreement North and South Korea reached over the flag issue because the ROK Government has kept secret about the details of the North-South rice deal. If the government consented to lowering the ROK flag and hoisting the North Korean flag on its ship, it would be a senseless act. Also, if our negotiator did not insist on refusing to hoist the North Korean flag in response to North Korea's demand to lower the ROK flag, then we should doubt his judgment.

If the government is to win the people's support for rice assistance to North Korea, it must explain these dubious points. The government held a grand function, with the prime minister and three other ministers in attendance, when the boat carrying rice departed the ROK. If the government thinks this grand ceremony has resolved all doubts, it is mistaken. The Sea Apex hoisted the North Korean flag after lowering the ROK flag. However, the government made a fuss about the fact that the boat left Tonghae Port while flying the ROK flag. This is truly shameful.

With regard to rice assistance to North Korea, other matters in addition to the flag issue also impair our self-esteem. In the rice deal, we never considered our rice assistance to be worthwhile. There must be give-and-take in any negotiations. However, we have not heard our side say no in any part of the negotiations. We have not heard our side insist on certain points. Our side may have merely complied with all North Korean requests.

If the boats that will carry the second, third, and further shipments of rice to North Korea assume the same unimposing attitude, and thus impair the people's self-esteem, the people will develop a different view on rice assistance. It will be better to use boats of third countries if any other ROK boat acts the same way as the Sea Apex.

Prosecution Probing DPRK Visit by Mun's Widow

SK2906035095 Seoul YONHAP in English 0246 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — The Seoul district prosecutor's office on Thursday began investigating the unauthorized visit to North Korea by Pak Yong-kil, widow of the late Rev. Mun Ik-hwan, to attend the first anniversary of the death of late North Korean leader Kim Il-song.

An official said Pak, 75, will face legal action as soon as she returns home on suspicion that she violated the National Security Law which prohibits visits to North Korea without prior government approval.

Upon arrival in Pyongyang, Pak reportedly placed wreaths by a statue of Kim Il-song saying, "I am laying these flowers in admiration of President Kim," according to the official.

He said it is inevitable that the prosecution will take action against her since she entered the North without prior government approval and the purpose of her North Korean visit was to attend a memorial ceremony honoring the late North Korean head of state.

Pak went to Japan on June 16 and stayed there before she and an ethnic Korean commentator, Chong Kyong-mo, flew to Pyongyang via Beijing on Wednesday.

ROK-PRC Joint Firm Issued Permit by DPRK

SK2806011095 Seoul YONHAP in English 0017 GMT 28 Jun 95

[FBIS Transcribed Text] Seoul, June 28 (YONHAP) — North Korea has allowed a South Korean-invested Chinese firm to incorporate a subsidiary company in the North, paving the way to an inflow of South Korean capital to North Korea for the first time.

Business sources said Wednesday a South Korean-Chinese joint venture company in Yanbian in northeast China, named Yanbian-Longxing Collective Co., had been issued a permit to establish a business firm in the Najin-Sonbong free economy and trade zone by the Najin-Sonbong administration and economy committee on June 13. The permit was endorsed by the external economy commission of North Korea's Administration Council (cabinet).

The South Korean investor in the joint venture firm in Yanbian is CPI Co. in Seoul which has supplied barbed wire to the Najin- Sonbong free economy and trade zone.

Yanbiab-Longxing Collective Co. has already opened an office, staffed with two Korean-Chinese officials, in the Najin-Sonbong area, President No Chong-ho of CPI Co. said.

The business firm to be established in the North by the South Korea-Chinese joint venture firm will be named Korea Najing-Yonghung (Longxing) Collective Co. and capitalized at 2.2 million U.S. dollars, he added.

President Choe Won-chol of Yanbian-Longxing Collective Co. will concurrently serve as president of its subsidiary firm in the Najin- Sonbong area, whose licensed trade lines include office rental, restaurant, hotel, taxi, construction and business counseling.

Yanbian-Longxing Collective Co. is the third foreign company to be allowed to set up a subsidiary in the Najin-Sonbong area, following two Russian companies, No said.

CPI Co. will shortly apply for the South Korean Government's approval for its plans to invest in the Najin-Sonbong free economy and trade zone and send its officials to the firm to be established in the zone, No said.

The firm is now constructing barbed-wire fences around the Najin- Sonbong area after having supplied 40 kilometers of barbed wire.

Gallucci Cited on Heavy Oil Shipments to DPRK

SK3006030195 Seoul YONHAP in English 0245 GMT 30 Jun 95

[FBIS Transcribed Text] Washington, June 30 (YONHAP) — Heavy oil shipments to North Korea will soon resume under the watchful eye of the Korean Peninsula Energy Development Organization [KEDO], and the target date for completion is Oct. 21, this year, ambassador-at-large to North Korea, Robert Gallucci said Thursday.

Speaking at a breakfast meeting to a nuclear nonproliferation group, Gallucci remarked that a three-person team, led by Jim Pierce, has just returned from Pyongyang and Songbyon, after working out measures to ensure that KEDO will monitor the distribution of the future 100,000 tons of fuel oil scheduled for delivery to the north.

The ambassador-at-large confirmed that from the first shipment of 50,000 tons of heavy oil in January, as much as 20 percent was diverted from use in heating and electrical energy generation to steel production use. This violation ceased heavy oil shipments and compelled the team to negotiate a monitoring system.

Another team departed from Pyongyang Thursday, Gallucci said, after meeting with North Korean officials regarding the safe storage of the spent fuel rods from the graphite-moderated reactors. The two sides have "essentially" agreed to proceed with the "chilling of the water and the cleaning of the pond," which will slow the deterioration of the spent fuel containers.

The U.S. Department of Energy is "reprogramming" its money to a U.S. firm to manufacture the containers, he added.

As for the next step towards liaison offices between Pyongyang and Washington, Gallucci declared that the American delegation needs to go to Pyongyang to make further arrangements on the exact location, property details, and other technical issues. He said that the offices are "on track," but further discussions are needed.

The nuclear ambassador also spoke about KEDO's operations, claiming that the international consortium has held meetings, but that they are not yet an "operating organization in the sense that we have an executive director and staff on the ground in New York."

But Gallucci said that as the light-water reactor talks went smoothly, he foresees no obstacles ahead, with the exception of funding.

As the executive director of KEDO, Gallucci requested around 22 million from congress to establish a KEDO headquarters in New York, as well as for heavy oil shipments and the light-water reactor project.

Gallucci stressed that despite the large amount taken from the American taxpayers, that it would be money "well-spent," as it supports the agreed framework, which in part, contributes to national and regional security.

But as for Northeast Asian security, Gallucci stressed the importance of an inter-peninsular dialogue, stating that it would be "inconceivable that the (light-water reactor) project could be implemented over years without a rapprochement between North and South."

Currently, he said that the United States is pushing ahead with the implementation of the agreed framework, to prove to the North Koreans that they have much to gain from freezing their nuclear program.

However, Gallucci commented on the nuclear situation in the communist country, and said that the program is "dormant," not "dead." But if the agreement is fully implemented, he concluded hopefully, then the nuclear question will be fully addressed.

U.S. Notified of Intent To Revise SOFA Terms

SK2906064495 Seoul THE KOREA TIMES in English 29 Jun 95 p 2

[FBIS Transcribed Text] Seoul notified Washington of its intention to revise the Korea-U.S. Status of Forces Agreement (SOFA) which has been under fire here for failing to provide a legal basis to appropriately deal with crimes committed by American soldiers stationed in Korea.

The notification was made yesterday at the 176th SOFA Joint Committee meeting headed by Yim Song-chun, director general of the Foreign Ministry's American Affairs Bureau, and his American counterpart Ronald W. Iverson.

"The Korean government's official position will be conveyed to the U.S. side following a comprehensive review by relevant Korean government branches," a ministry spokesman said.

The participants at the biannual committee meeting expressed concerns over the frequent occurrence of crimes committed by U.S. servicemen.

"Both sides agreed in principle to activate a provisional subcommittee on relations between U.S. servicemen and Korean citizens in an effort to promote understanding between them," he said.

The government has reviewed SOFA regulations to determine whether they hamper Korean law enforcement authorities from conducting due investigations of crimes committed by U.S. servicemen stationed here.

Even though SOFA's Article 22 stipulates that Korean authorities are empowered to summon American suspects whenever they want, officials here still think that the regulation seriously hampers Korean authorities' investigations.

In February 1991 when the bilateral agreement was revised for the first time since its signing in 1967, Seoul strongly demanded that Korean law enforcement authorities be given the right to investigate American suspects in their custody, only to be rejected by Washington.

The participants of the joint committee also agreed to make efforts for the speedy settlement of lawsuits filed by Korean citizens against U.S. servicemen accused of causing property damage, the spokesman said.

With regards to the influx of foreign parasites, both sides will negotiate on preparing quarantine processes on plants brought into the country by American troops, the spokesman added.

U.S. Delivers Antisubmarine Patrol Aircraft

SK3006023895 Seoul THE KOREA HERALD in English 30 Jun 95 p 3

[FBIS Transcribed Text] Another P-3C antisubmarine patrol aircraft was delivered Wednesday to the Navy by its producer, Lockheed of the Unites States, according to the Navy yesterday.

In April, Lockheed sent two P-3Cs to the Navy in the first delivery.

Five more P-3Cs are scheduled to arrive here by the end of this year under a $800 million Navy program.

North Korea has 26 submarines, while the South has five. South Korea plans to build four more submarines by the year 2000 at a total cost of 560 billion won (about $700 million).

U.S. Businesses 'Strongly' Urge Open Markets

SK2906024195 Seoul YONHAP in English 0044 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — More than 100 large U.S. businesses recently organized a pressure group to strongly urge countries which have anti-competitive trade practices to further open their markets, the Korea Trade Promotion Corp. (KOTRA) office in Washington reported Thursday.

The large enterprises, including Motorola, Intel, USX, Federal Express, Kodak, Ford and GM, and businesses organizations representing industries like automobiles, aluminum, engineering, electronics, iron, steel and telecommunications formed the "Americans for Global Competition (AGC)" group.

The AGC recently held a press conference with several congressmen attending, in which the two jointly urged U.S. leaders to decisively address the unfair trade issue with those countries who maintain anti-competitive practices, including Japan.

The AGC issued a statement demanding every country open its market as wide as the U.S.

Import Ban on 21 Japanese Products Lifted 1 Jul

SK3006024195 Seoul THE KOREA HERALD in English 30 Jun 95 p 8

[FBIS Transcribed Text] Twenty-one Japanese-made products, including carryall trucks, will be excluded completely or partially from a list of items whose import has been banned from Japan starting tomorrow, the Ministry of Trade, Industry and Energy said yesterday.

This will leave a total of 183 goods still banned from being imported from Japan under the so-called "import source diversification system."

The scheme has been in operation since 1978 in a move to help reduce Korea's trade deficits with Japan and enhance the nation's localization ratio.

The soon-to-be delisted items include 17 products whose import restrictions will be removed completely.

Among them are motor vehicles of carryall truck types, sedan delivery types and similar types, ferryboats and containerships, parts of golf clubs, reproducing apparatus of portable types, parts of facsimile, printing and picture telegraphic apparatus and drinking glasses.

Also included are sodium dithionite, tableware and kitchenware, dyed plain weave and winches and capstans.

Import restrictions on the remaining four items will be lifted partially, the ministry said.

The four are personal computers, excluding portable ones, perfecting offset printing machinery, other charging drills of electro-mechanical tools for working in the hand and fluorescents for vessel use.

"Despite a growing trade deficit with Japan, we decided to drop the 21 items from the list of products subject to the import source diversification in line with the worldwide trend toward trade liberalization and internationalization," said a ministry official.

The Korean Government removed import restrictions on 26 Japanese goods early this year.

The number of Japanese goods subject to the import source diversification scheme stood at seven in 1987, which rose to a high 632 in 1987.

The figure declined to 268 in 1990 and 258 in 1991, 1992 and 1993.

In August 1993, the ministry unveiled a five-year plan to scale down the number of items subject to the scheme from 258 as of the end of 1993 to 129 by 1998.

ROK, Indonesia Energy Ministers Discuss Issues

SK3006033595 Seoul THE KOREA HERALD in English 30 Jun 95 p 8

[FBIS Transcribed Text] Indonesia yesterday indicated it will hike its export of LNG (liquid natural gas) to Korea to 8.1 million tons in 1999, up from the current yearly export amount of 5.8 million tons.

Pak Chae-yun, the Korean minister of Trade, Industry and Energy, and Ida Bagus Sudjana, the Indonesian minister of Mines and Energy, reached the export agreement during two days of meetings to promote cooperation in the energy sector.

The current agreement calls for Indonesia to sell to Korea 5.8 million tons a year through 1998, based on its projected output.

Indonesia has agreed to sell additional amounts with the anticipated jump in its LNG output, projected to reach 33.4 million tons by 1999, up from the 1995 expected output of 27.9 million tons, said a Korean official who took part in the talks held at the Kwachon government complex.

Indonesian LNG currently meets 91 percent of Korea's total LNG imports.

At the talks, the Korean side expressed strong interest in more Korean companies taking part in oil and natural gas exploration and development in Indonesia's eastern region, where resources remain relatively untapped compared to the more developed western region.

The Korean side also proposed that more Indonesian power companies buy the Pasir coal manufactured from Indonesian coal by KIDECO, a Korean company.

Confer on Nuclear Power Plants

SK3006022595 Seoul THE KOREA TIMES in English 30 Jun 95 p 8

[FBIS Transcribed Text] Korea has requested Indonesia open the way for Korean companies to take part in the construction of nuclear power plants in the Southeast Asian nation.

Trade, Industry and Energy Minister Pak Chae-yun yesterday proposed to his Indonesian counterpart I.B. Sudjana that Indonesia allow Korean firms to participate in nuclear power plant projects and cooperate in developing and commercializing solar energy systems.

Under a cooperation program in nuclear power, the Korean delegation agreed Korea would provide training for two out of the three Indonesian power experts whose names were put forward by the Indonesian side this year.

The two ministers discussed these and other bilateral energy issues at the 16th two-day meeting of the Korea-Indonesia Resources Cooperation Committee which ended here yesterday.

Indonesian Minister of Mines and Energy Sudjana called for active participation by Korean companies in the development of mineral resources, including copper, nickel and tin, explaining 10 mining projects.

Mobile Telecom Begins Paging Service in India

SK3006024295 Seoul THE KOREA TIMES in English 30 Jun 95 p 3

[FBIS Transcribed Text] Korea Mobile Telecom (KMT) will start offering paging service in India's Ahmedabad today, a KMT spokesman said yesterday.

The paging service will be expanded to nine other Indian cities, including Bombay and Calcutta, within this year.

To engage in the overseas paging business for 10 years, KMT has formed a joint venture, DSS (Dalmia-Sunkyong-Samsung), in India.

Nearly 80 percent of phone calls are concentrated to the 10 most industrialized cities of India.

After making a successful access to India's telecommunications service market, KMT also plans to initiate mobile phone service in the country, the spokesman said.

Acceleration of Foreign Exchange Reforms Studied

SK2806014995 Seoul THE KOREA TIMES in English 28 Jun 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government is considering rewriting its five-year foreign exchange system reform plan to allow it to meet the requirements for entry being contemplated by the Organization for Economic Cooperation and Development [OECD].

The Ministry of Finance and Economy has informally commissioned the Korea Institute of Finance to seek ways to accelerate the foreign exchange system reform plan, which had been scheduled to be completed in 1999, sources here said.

The commissioning is timed with the scheduled visit to Seoul by two OECD economists next week for informal discussions on Korea's foreign exchange and financial system with Korean officials and economists, they said.

The government faces a dilemma because Korea may not be able to meet OECD requirements even if the whole of the pre-announced five- year foreign exchange system reform plan is implemented before next June, they added.

Seoul's rigid foreign exchange system and capital flow controls are the most serious impediment to the nation's OECD membership, both government officials and economists agree.

It is said that the Paris-based club will accommodate many of Korea's positions on economic and trade issues when its membership is discussed from September. However, the foreign exchange and capital flow issues was set to become the most serious divisive point in the course of discussion of Seoul's membership, analysts here said.

From the domestic point of view, the five-year foreign exchange system reform plan implied an epoch-making historic change dragging the backward financial market into the modern period. The government designed the plan in a conservative way in order not to shock the economy.

A conservative approach, it was believed, would allow the nation to avoid the mistakes many Latin American countries made when they deregulated their capital flow sectors.

However, from the OECD point of view, the Korean plan, even if its implementation is completed before June next year, is unsatisfactory, not meeting OECD codes.

A substantially higher level of liberalization of capital operations in Korea would be required if today's average OECD standards were to be expected by member countries, according to the OECD director William H. Witherell.

It is said that many OECD members would have great difficulty accepting a level of liberalization for an economy as robust as that of Korea which falls below the range of the present situations in member countries.

Today, none of the OECD countries maintains a system of exchange controls, with the exception of the small economy of Iceland, which removed all remaining, yet limited, capital controls last year.

Typically, restrictions still in place in OECD countries concern inward direct investment in some limited sectors, the acquisition of residential real estate by nonresidents and the admission of certain capital market securities on the domestic market.

The plan does not include non-residents' investment in domestic bonds, or short-term money market instruments such as certificates of deposit (CDs). Free capital outflow and inflow is not guaranteed.

The plan provides for a significant relaxation of several capital controls, especially on long-term capital movements. But even by the end of 1999, no full capital control liberalization is envisaged.

In the recent OECD Economic Survey of Korea, the OECD encouraged Korea to achieve a faster liberalization of capital imports, a move that would reinforce the efforts to liberalize the domestic financial market.

Mexico maintains a relatively long list of reservations under the OECD Capital Movement Code, but these are quite limited in scope. Many refer to specific operations in domestic currency or between financial institutions. In terms of its demonstrated commitment to the principles underlying the OECD Capital Movement Codes, Mexico has set a high standard.

But Korean officials expressed the hope that Korea would be admitted to the OECD with a level of capital liberalization lower than that of Mexico, which suffered a financial shock immediately after its admission to the OECD.

MOFE officials expressed the fear that a more rapid relaxation of restrictions on capital imports would leave the country open to inflationary capital inflows or place upward pressure on the exchange rate. The OECD said it would not certainly wish to see higher inflation in Korea, but it suggested that some appreciation of the won might be accepted while permitting domestic borrowers to benefit from lower financing costs abroad.

Ministry Finalizes Plans for Export Deregulation

SK2906064295 Seoul THE KOREA TIMES in English 29 Jun 95 p 8

[FBIS Transcribed Text] The Ministry of Trade, Industry and Energy yesterday finalized a timetable for an end to export regulations required to satisfy trade conditions established by the World Trade Organization (WTO).

However, industry experts said the new set of rules has little meaning since most companies are already exercising strict control over exports to avoid conflicts with foreign countries.

MOTIE officials said the eradication of the existing regulations must be implemented in observation of policies governing free trade.

Under the plan, export control over microwave ovens to the European Union will be lifted in 1999 and that over color television sets by 1998, they said.

A similar regulation governing tableware such as dishes and bowls will be abolished in 1999.

On the other hand, export control over a number of electronics items will remain in place until such time as deemed appropriate by the WTO, the officials explained.

WTO member countries are obligated to report the lifting of export controls over all designated products within six months of the launching of the world trade body which succeeded the General Agreement on Tariffs and Trade (GATT).

"The export control was implemented to prevent undesirable competition among Korean companies seeking market access in foreign countries and needed to be lifted anyway," one official said.

Reportage on Department Store Collapse Continues

President Expresses Deep Sorrow

SK3006071095 Seoul YONHAP in English 0630 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — President Kim Yong-sam has instructed Prime Minister Yi Hong-ku to do his best to rescue survivors and settle the aftermath of the tragic collapse of Sampung department store.

The chief executive gave the instruction upon being briefed by the prime minister on the mishap Friday, saying, "the most urgent and important thing for us to do now is save lives."

President Kim also expressed his "deep sorrow" for the victims and expressed "heart-felt condolences" to their families.

"It pains me to see another huge disaster which took place in spite that (I have) called for safety checks on facilities to such an extent," President Kim lamented.

U.S. Forces Help With Rescue

SK3006025195 Seoul YONHAP in English 0248 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — U.S. Forces Korea [USFK] said Friday it will bring four "seismic" radio locators from U.S. bases in Japan on Friday afternoon to help rescue efforts at the collapsed Sampung department store.

U.S. Forces sent four large metal cutters, six fire engines and 40 rescue workers to the scene of the disaster Thursday night.

The USFK said it is providing medical support and metal cutting teams, with additional support on its way under the authority of U.S. ambassador here James Laney.

Meanwhile, the Defense Ministry committed more than 1,500 forces to the rescue effort Thursday night and another 800 on Friday morning. The ministry also had 3,000 soldiers readied to provide blood donations.

Collapse Said Man-Made Disaster

SK3006021895 Seoul YONHAP in English 0207 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — The collapse of the Sampung department store which buried hundreds of shoppers Thursday evening was a man-made disaster.

The five-story building, with four basement levels, dedicated only five years ago, is said to have had design and structural problems. Moreover, the store's management, discovering safety problems with the building, did not take any measures against them.

On Monday and Tuesday, cracks were found on the slab roof and part of the fourth floor sank, causing concern among employees the building might collapse.

"In view of the fact that the steel-reinforced concrete building fell as if by bombing," said Professor Cho Taesong of Songgyunkwan University, "I presume that there was something wrong in its basic design, and there was no effective method to check the safety of the building."

To increase the sales space, the store expanded the building's floor area on several occasions, without reinforcing main columns. In addition, there were frequent design changes in the course of construction. Usong Construction Co. had to alter the basic design several times at the request of Sampung Construction Co. during the construction, thus failing to maintain the structural consistency of the building, according to construction planning officer Nam Il of the Construction and Transportation Ministry.

To make matters worse, Usong did not complete the project and midway through construction Sampung took over the work and completed it.

In addition, there is a possibility that the building's foundation was damaged when the store expanded its underground parking lot by digging deeper.

"When Sampung department store opened five years ago, there was no basement parking lot as large as the one there is today," said a construction engineer related to the store's construction, "but I heard that the store had expanded the parking lot to the present size only two to three years after the opening. If this were true, the underground parking lot expansion would be the decisive cause of the collapse."

No Evidence of Gas Explosion

SK3006032095 Seoul YONHAP in English 0230 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Seoul Mayor Choe Pyong-yol said Friday morning that no evidence of a gas explosion has been found in the collapse of the Sampung department store in southern Seoul Thursday.

Choe told a press conference, "The results of an experts' primary safety inspection have confirmed that there is no evidence of a gas explosion."

Police and prosecution officials are interrogating five executives of the Sampung department store and Usong Construction Co., which built the department store, regarding possible deficiencies in construction and safety measures of the building, Choe said.

Cracks in the ceiling of a restaurant on the building's fifth floor were confirmed by an executive of the department store at around 9:30 AM Thursday, and employees and shoppers were evacuated from the fifth floor Thursday afternoon, according to Choe.

In addition, events surrounding delayed safety actions are being investigated, Choe added.

As to the transfer of the city's administration to Seoul Mayor-elect Cho Sun, Choe said, "I'll enact transfer procedures today... But I'll assist Mayor Cho as his predecessor until restoration of the Sampung department store disaster is completed."

Cho is scheduled to officially assume his tenure in office Saturday.

Friday Toll: 94 Dead, 915 Injured

SK3006112295 Seoul YONHAP in English 1118 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — The number of those killed and injured in the collapse of a Seoul department store Thursday [29 June] was swelling Friday afternoon as rescue teams were carrying on rescue work through the thick layers of concrete and steel debris.

An official tabulation compiled by the Home Affairs Ministry showed that as of 5 PM [0800 GMT] Friday, 23 hours after the mishap, death toll stood at 94 and the injured at 915 including 230 persons injured seriously.

In addition, there were a total of 223 persons reported missing, most of whom were feared dead.

Over 30 Survivors Await Rescue

SK3006012995 Seoul YONHAP in English 0116 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — There are still more than 30 survivors awaiting rescue from under the debris of the collapsed Sampung Department Store, MBC TV said Friday morning.

The death toll increased to 61, while 911 others are reported injured.

Japan's Kono Sends Condolence

SK3006055395 Seoul YONHAP in English 0532 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Foreign Minister Kong No-myong received a cable Thursday evening in which his Japanese counterpart Yohei Kono expressed his country's condolences for the collapse of a department store in southern Seoul, a Foreign Ministry spokesman said.

In the cable, Kono expressed his and his country's sympathy for the disaster that claimed tens of people and injured hundreds of others.

Television Coverage Assessed

SK3006055695 Seoul YONHAP in English 0531 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Four television broadcasting systems - KBS, MBC, SBS and YTN [Yonhap Television News] - have provided substantial help to search, rescue and relief operations in the wake of the building collapse Thursday afternoon at the Sampung department store with their prompt reporting of the disaster and providing useful information.

YTN was the first of the four media companies to report the mishap. The 24-hour cable news network covered the collapse at the outset of its 6 PM [0900 GMT] regular news program, barely a few minutes after the mishap erupted, based on eyewitness accounts of a housewife who resides at a Samho Garden Apartments near the scene of the accident. As for newspapers, the daily CHOSUN ILBO reported the incident in its edition Thursday evening quoting the witness' remarks as broadcast by YTN.

Of the three non-cable TV news stations, SBS first reported the collapse at 6:04 PM, followed by KBS and MBC which began to cover the man-made catastrophy at 6:05 and 6:10 PM Thursday, respectively.

Scenes from the collapse were first provided by KBS which happened to have screen transmission facilities at the Korea Trade Center in Samsung-dong, near the disaster site, followed by MBC, SBS and YTN, in that order.

All four TV networks have since been covering the disaster all through the night and day, keeping viewers abreast of the developments in and around the accident site. It is the first time that they have provided such an extensive coverage of a disater's aftermath for so long a period of time.

President Cancels Events Due to Store Collapse

SK3006003295 Seoul YONHAP in English 0021 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — President Kim Yong-sam canceled his plans for a breakfast meeting with the 10 ruling Democratic Liberal Party leaders, including Chairman Yi Chun-ku, to discuss the results of Tuesday's local elections at Chongwadae [presidential offices] Friday.

He also scrapped plans for a scheduled luncheon Friday with cabinet members, including Prime Minister Yi Hong-ku, at Chongwadae.

The chief executive was known to have canceled the two events because of the collapse of Sampung department store in southern Seoul Thursday evening which claimed tens of shoppers and injured hundreds of others.

Seoul Mayor-Elect Meets With Incumbent Mayor

SK2906024295 Seoul YONHAP in English 0047 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — Seoul Mayor- elect Cho Sun met with incumbent Mayor Choe Pyong-yol Thursday morning and exchanged views on the overall state of affairs in the capital city's administration.

During the meeting over breakfast at the Shilla Hotel in downtown Seoul, Choe was known to have explained the results of the comprehensive administrative analysis which the Seoul metropolitan government has conducted in an effort to solve some of its problems.

Cho was also known to have said that he would not make unreasonable or unnecessary changes to the city's organizations or reduce the number of city officials in order to maintain the continuity of the city's administration.

Cho is scheduled to pay a courtesy call on President Kim Yong-sam and Prime Minister Yi Hong-ku after he is given official notice of the election results from the Central Election Management Commission on Thursday.

Extraordinary Session of Assembly Scheduled 5 Jul

SK3006114495 Seoul YONHAP in English
1137 GMT 30 Jun 95

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — The 176th Extraordinary Session of the National Assembly is set to be held for 11 days from July 5 through July 15.

Floor leaders from the ruling Democratic Liberal Party, opposition Democratic Party and United Liberal Democrats agreed on the convocation of a new assembly session in their meeting Friday [30 June] afternoon.

The representatives of the three major parties will address the session which will then discuss several major pending issues like the supply of rice to North Korea, the controversial Foreign Ministry document incident and the collapse of the Sampung Department Store.

The assembly will also inaugurate a Special Committee on Local Autonomous Development to act on follow-up measures after the recent local elections.

Election Winners To Serve Three-Year Terms

SK28[illegible]023695 Seoul THE KOREA HERALD
in English 28 Jun 95 p 2

[FBIS Transcribed Text] Winners in the local elections will serve a term of three years in office, as stipulated in the new election law, starting July 1 or July 8 and ending on June 30, 1998.

With local administrative heads as well as councilmen elected by popular vote, a full-fledged local government will begin for the first time in 34 years since 1961, when a military coup led by the late President Pak Chong-hui overthrew the government.

Until now, mayors, provincial governors and other local administrative heads have been appointed by the central government.

Their elected successors will take office July 1. Large city and provincial councilmen will swear in on July 8 when their predecessors will have ended their term of office. The incumbent councilmen started their terms on July 8, 1991, ushering in partial local government. But the new councilmen's term will expire June 30, 1998.

Up for grabs in the polls are mayoral posts in the nation's six largest cities, including the mayor of Seoul and nine gubernatorial posts in provinces.

Also to be elected are 230 small city mayors, county and ward chiefs, 972 large city and provincial councilmen, including 97 seats to be chosen on a proportional representation system, and 4,541 council seats of small cities, counties and large city wards.

Local Autonomous System Measures Mapped Out

SK2906070495 Seoul YONHAP in English
0620 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — With the local elections over, the administration has started mapping out measures to help the local autonomous system take root as soon as possible.

Such measures will be taken up at a meeting of election-related ministers, which will be presided over by Prime Minister Yi Hong-ku.

A formula to that end calls for briefing newly-elected large city mayors and provincial governors, who will be sworn in Saturday, on the national administration sometime in July.

As a means of expediting coordination of economic administrations between the central and local governments, the administration plans to convene the meeting of vice metropolitan mayors and deputy provincial governors quarterly instead of bi-annually as has been the case.

The administration also plans to link the execution of large city and provincial long- and medium-term investment programs with the central government.

Parties Study Postelection Strategies, Structures

SK2906070395 Seoul YONHAP in English
0617 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — Ruling and opposition parties began Thursday to study ways to redevelop their strategies and reorganize their internal structures in an effort to cope with the changes the just-ended local elections brought to the political environment.

The ruling Democratic Liberal Party (DLP) "humbly" accepted the results of the June 27 local elections, where it won only five elections deciding the heads of 15 large self-governing bodies and 71 of 230 heads of small self-governing bodies, and will focus on helping the local autonomous system, revived in 34 years, take root as soon as possible.

President Kim Yong-sam will invite 10 senior officials of the ruling DLP including Chairman Rep. Yi Chun-ku to a breakfast meeting on Friday at Chongwadae [presidential offices] to review the results of the elections and discuss how to face the post-election political environment.

President Kim, who already decided not to conduct a shake-up within the ruling party as a follow-up to its "devastating defeat" in the elections, may hold another meeting with DLP lawmakers next Monday to prevent a possible move to rebuke the party's leadership after the lost elections.

Political analysts expect that the DLP will continue to minimize the significance of the local elections, dismissing them simply as the start of a local autonomous system and not giving them any political meaning of national magnitude. It will focus on enlightening the public on the harms of the political regionalism.

However, the party leadership is expected to face fierce criticism, particularly from chiefs of regional party chapters, due to the defeat.

The main opposition Democratic Party (DP), judging that the elections gave the two-and-a-half year administration of President Kim Yong-sam's government a low rating, discussed Thursday morning how to use their victories to help them take the initiative in future politics.

In the meeting, presided over by DP President Yi Ki-taek, party officials talked mainly about the kinds of policies the party will initiate.

The DP decided to study ways to relieve the possible concerns of the people over the opposition party's administration of local self- governing bodies, and considered developing some complementary systems like organizing local autonomous councils.

According to analysts, Kim Tae-chung, chairman of the Asia- Pacific Peace Foundation, who strengthened his influence in the party after the elections, may possibly cooperate with Kim Chong- pil, president of the minor opposition United Liberal Democrats (ULD), to revise the Constitution and establish a parliamentary cabinet system.

Meanwhile, the ULD, which obtained the heads of three provinces and a large city post in unexpected victories, will expand their party structure, increasing the number of district party chapters and actively persuading independently elected officials to join their party.

Article Foresees Kim Tae-chung Political Return

SK2806070795 Seoul HANGYORE SINMUN in Korean 28 Jun 95 p 1

[Article by Paek Ki-chol: "TC Who Has Laid a Stepping Stone for 'Supreme Power'"]

[FBIS Translated Text] Kim Tae-chung, chairman of the Asia- Pacific Peace Foundation, watched the ballot counting on television at his house in Ilsan after casting a ballot at a church near his house in Tonggyodong on the morning of 27 June.

No one in the Democratic Party [DP] will object to the notion that Chairman Kim is a first-rate meritorious retainer in seizing the DP's reins of "the Seoul Republic". During the election stumping, he was always "the eye of a hurricane." Wherever he went, surging crowds of thousands to millions gathered, and the degree of his supporters' enthusiasm mounted as his stumping continued.

As to the surging crowds at his stumping rallies, even Chairman Kim himself confessed "I did not expect so many people to come," and expressed satisfaction, saying "there were some places where more people gathered than during the last presidential election." He added "the Democratic Liberal Party [DLP] was less aggressive and, as a result, was dragged into the DP's strategy." He evaluated "if the DLP headquarters had not intervened in this local election as had previously promised with the DP, we, on the contrary, would have been in a difficult situation."

According to his close aide, however, Chairman Kim is not totally satisfied with the result of this election. He deeply regrets that he failed to stick with the Yi Chong-chan ticket, which he had previously picked as the candidate for the Kyonggi Provincial mayor, and to realize a complete opposition alliance with the United Liberal Democrats. One of his aides said: "Chairman Kim regretted that if he had had Yi Chong-chan as the candidate for Kyonggi Provincial mayor and realized the opposition unification in neck-to-neck fighting regions, the DLP would have failed to win in areas except Pusan and South Kyongsang Province."

After the election, it is likely that Chairman Kim Taechung will appear to step back from political circles. One of his aides said "Chairman Kim is extremely tired both physically and mentally," and added "he will concentrate on the affairs of the foundation while he rests."

According to his aide, Chairman Kim will hold a joint seminar between the Asia-Pacific Peace Foundation and the PRC's "the People's Academic Society of Diplomacy" next month and then will concentrate on the unification affairs, including the publication of his book entitled "The Theory on Third-Stage Unification."

However, Chairman Kim's plan seems to aim at refining his future action. Even if he enters "a resting stage," this will be only done on the surface since it has become already an established fact that he has returned to politics. Since he succeeded in demonstrating his political power with "the Seoul victory" as a momentum, political circles generally predict that he will take gradual measures to grasp "power" while adjusting the speed of his pace.

MOFA Makes Efforts To Contact Attache Choe

SK2906054795 Seoul YONHAP in English 0511 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — The Foreign Ministry [MOFA] is making efforts to contact Administrative Attache Choe Sung-chin at the South Korean Embassy in New Zealand and to persuade him to voluntarily fly to Seoul for questioning in relation to his involvement in the alleged forgery of a Foreign Ministry document, a Foreign Ministry spokesman said Thursday.

Choe went into hiding after the forgery case involving the Foreign Ministry publicly named him as being involved, the official said.

The official, however, confirmed that "Choe is still in New Zealand although his whereabouts are not known," adding Choe has no passport because the Canadian Embassy in Wellington transferred Choe's passport to the South Korean Embassy after he applied for a visa for Canada.

Temporary travel certificates, which Choe took from the South Korean Embassy in New Zealand, were also declared null and void by the South Korean Foreign Ministry, making it impossible for Choe to leave New Zealand, according to the official.

The official said that the South Korean Foreign Ministry is in close contact with the Foreign Ministry of New Zealand and working to bring the administrative attache, suspected of fabricating the Foreign Ministry document on the survey of local assemblies in advanced countries, back to Korea.

He said that his ministry was not yet sure whether Choe himself forged the document or others did it. "Although an investigation is still underway, it is highly likely that Choe fabricated the document."

He, however, added that Rep. Kwon No-kap, a vice president of the opposition Democratic Party, will have to take legal responsibility for any advance knowledge he had of the forgery, even if he did not forge the document himself.

South Korea and New Zealand have a visa waiver agreement which allows people from either country to stay in the other for up to 90 days without a visa.

Choe, therefore, may stay in New Zealand for up to 90 days legally although he was deprived of his status as a diplomat, he said.

Foreign Ministry officials at the South Korean Embassy in Norway, Houston, Atlanta, Portugal and Italy meanwhile issued resolutions Thursday denouncing the Democratic Party for "damaging the honor" of Foreign Ministry officials.

Up to now, a total of 17 overseas missions have issued such resolutions to defend the cause of the Foreign Ministry against the charges made by the largest opposition party which accused the Foreign Ministry of joining in the ruling party's plot to postpone the June 27 local elections.

Ministry: Choe Sung-chin Refuses To Return

SK2806022595 Seoul THE KOREA HERALD in English 28 Jun 95 p 2

[FBIS Transcribed Text] Choe Sung-chin, admdinistrative attache at the Korean Embassy in New Zealand, who is suspected of forging ministry documents and delivering them to an opposition lawmaker, is refusing to return home, Foreign Ministry officials said yesterday.

They said the ambassador is attempting to persuade Choe to return home at an early date, but to no avail.

The prosecutors asked the ministry earlier to summon Choe after Rep. Kwon No-kap of the main opposition Democratic Party disclosed the identification of Choe as the man who handed over documents which the ministry claimed are forged.

The ministry relieved Choe of his post Monday for deserting the place of duty and disobeying orders from his superiors.

Earlier in the day, Choe applied for a long-term visa from the Canadian Embassy in New Zealand, which refused to receive his application and sent his passport to the Korean Embassy.

Ministry officials said Choe is now staying at his home in Wellington.

DP Decides To Investigate 'Forged' Document

SK2906084695 Seoul YONHAP in English 0716 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — The major opposition Democratic Party (DP) decided Thursday [29 June] to organize a fact-finding committee to investigate the controversial forged Foreign Ministry document which was leaked to the DP by Choe Sung-chin, the administrative attache at the South Korean Embassy in New Zealand.

The opposition party also decided to request the National Assembly's National Unification and Foreign Affairs Committees hold a session to discuss the issue.

The party's decision was made at a meeting chaired by DP President Yi Ki-taek with other DP vice presidents attending.

Meanwhile, the party also decided to dispatch members of the panel to New Zealand to speak with Choe about how the document was delivered to DP Vice President Kwon No-kap.

Headed by DP advisor Kim Sang-hyon, the fact-finding committee is composed of all DP members from the National Assembly's National Unification-Foreign Affairs Committee and Legislation-Judiciary Committee.

Central Bank Governor Discusses Economic Growth

SK3006022495 Seoul THE KOREA TIMES in English 30 Jun 95 p 9

[FBIS Transcribed Text] The Korean economy will continue to pick up through the end of this year and reach a peak during the first half of 1996, Bank of Korea governor Kim Myong-ho said yesterday.

Meeting reporters at the central bank press room, Kim acknowledged that the economy is overheating in some areas but said that this does not mean the economy is overheating overall.

"While it's true the heavy manufacturing sector is overheating with the shortage of manpower, inflation remains stable. These conflicting features make it hard to say what the economy is doing in one word," the central banker said. He predicted that Korea's economic growth would reach 9 percent this year.

Kim reaffirmed that the central bank will keep this year's money supply growth in the range of 12-16 percent as initially targeted. But he didn't rule out the possibility the money growth target will be lowered to calm the overheating economy.

Automakers Plan To Boost Production Capacity

SK2906063695 Seoul THE KOREA HERALD in English 29 Jun 95 p 8

[FBIS Transcribed Text] Domestic automobile manufacturers plan to raise their production capacity 150,000 units in the second half of the year to 3.51 million units, business sources said yesterday.

The expected production capacity represents a 21 percent surge from a 2.9 million-unit capacity recorded by the end of last year, sources said.

The automakers have already boosted their capacity by 460,000 units in the first six months of this year.

Hyundai Motor Co.'s Chonju plant, due for completion in November, will increase the automobile giant's total capacity 80,000 to 1.43 million units annually, said the sources. The company's Ulsan plant has increased 90,000 units during the January-June period under a rationalization program.

Kia Motors Corp. is to dedicate a second assembly line with an initial capacity of 200,000 units in its Asan plant in South Chungchong Province this year. The assembly line will raise the automaker's total capacity to 880,000 units from 680,000 units by the end of last year.

Daewoo Motor Co. has restructured its Pupyong plant, raising its capacity from 410,000 units to 500,000 units so far this year. The company plans to put into operation a large-sized commercial vehicle assembly line with an annual capacity of 12,000 units in October within the Kunsan car manufacturing complex.

Ssangyong Motor Co. has increased its four-wheel drive sport- utility vehicle production capacity from 50,000 to 80,000 units and has opened a new small-sized commercial vehicle plant so far this year. Meanwhile, the capacity of its large-sized bus and truck assembly lines has increased 3,000 to 4,000 units and 1,000 to 6,000 units, respectively. As a result, the automaker's total production capacity has risen to 140,000 units.

Hyundai Precision & Industry Co. is to dedicate its assembly line with a production capacity of 60,000 cars by the end of this year, thus increasing its total capacity to 105,000 units, according to the business sources.

LG Group Studies Takeover of Privatized Hanjung

SK2806014895 Seoul THE KOREA TIMES in English 28 Jun 95 p 8

[FBIS Transcribed Text] The LG Group, one of the three largest conglomerates in Korea, is reportedly contemplating taking over Korea Heavy Industries and Construction (Hanjung) to boost its presence in heavy industry.

According to Yi Mun-ho, president of the LG Chairman's Office, yesterday, LG would determinedly campaign for Hanjung should the government decide to privatize the company.

LG has consistently expressed an interest in Hanjung since the end of the 1980s and Yi confirmed that the business group is currently conducting a feasibility study for the project.

"We have yet to initiate financing arrangements for a possible takeover of Hanjung but we are intensively studying that possibility," Yi told reporters.

Hanjung, which was at one time placed under court protection to stop it going bankrupt, has been performing strong in recent years, posting back-to-back black figures.

Hanjung is a major player in the supply of power generation facilities as well as industrial plant. One of its recent achievements was the design and construction of Korea's first standard nuclear reactor vessel.

Yi explained that Ku Pon-mu, who took over as chairman of the group in March, has been dispatching employees on field trips to such heavy industrial giants as Pohang Iron and Steel and Hyundai Motor, probably to prepare them to take on a new challenge in the field.

Yi said a task force has already been put together to study the possibility of not only taking over Hanjung but participating in a number of new business projects, especially in power generation and machinery.

Hanjung was initially put on the market for a takeover by the private sector in 1989 but was withdrawn when offers for it fell below an acceptable figure.

Since then, Hanjung has been outperforming itself, broadening its presence in both domestic and international markets. Hanjung is currently engaged in a wide range of projects overseas, including desalination facilities.

Brunei, Malaysia & Singapore

Brunei

Paper Discusses Recent Political Changes

95SE0147A Jakarta GATRA in Indonesian 3 Jun 95 pp 35, 36

[Article by Didi Prambadi: "Sultan Bolkiah's Experiment"]

[FBIS Translated Text] This is a time of experiment for Sultan Bolkiah of Brunei. Political changes are beginning to affect Brunei.

Brunei is also affected by openness. It turns out that the monarchy headed by Sultan Hassanal Bolkiah cannot protect itself from attack by the winds of change which affect the world. One indication of that could be seen in the village of Kuala Bilait on 30 May.

After descending from the helicopter which he piloted himself, Sultan Bolkiah, who is 49, was immediately greeted by the people of this small village, who kissed his hand. After presenting to several people keys to new houses the sultan sat down to listen to their concerns.

Several villagers among the group presented their concerns in envelopes which had been distributed one month previously to all of the residents of the country. Among them was Abdul Latief Chuchu, a political leader who was permitted to establish the Brunei National Solidarity Party (PNSB) in February 1995. Chuchu said: "We want freedom of speech and we want to establish a parliament."

The reaction of Sultan Bolkiah to this demand was not clear. However, feelings continue to be expressed through government envelopes which are usually called "flying letters." Although the use of such envelopes has been going on for almost six centuries, at least they are a kind of bridge which may lead to Brunei's becoming more open. Furthermore, the PNSB, led by Abdul Latief Chuchu, which now has 200 members, is moving from village to village, contacting more people. It is estimated that by the end of 1995 its membership will increase to nearly 2,000.

Chuchu said: "The indications are that the sultan is more liberal than he was previously." Chuchu was imprisoned from 1988 to 1990 because he established the National Democratic Party of Brunei (BNDP), the embryo of the PNSB, and raised the issue of human rights in Brunei in the international forum. Indeed, what pleased him even further is that a special commission has been established to revise the Constitution of 1959, which is now in effect. In the revised constitution the manner of election of members of parliament will be included.

The question is: has the attitude of Sultan Bolkiah really changed? That is not yet clear. A Western observer believes that the sultan, who has been in power since 1968, is only carrying on a political experiment in the country. According to this diplomat, the sultan is doing this to encourage Brunei to adopt a parliamentary, monarchical government. This is being done, not exclusively because Brunei has been affected by the winds of openness but also because of economic factors.

Just look at the fact that Brunei's petroleum reserves are expected to be exhausted over the next 40 years. If this is the case, the per capita income of the people of Brunei, which is now $23,000 annually, cannot continue indefinitely. When the petroleum runs out, there would then be no more government subsidies for housing, automobile loans, and freedom from taxation, now enjoyed by the 276,000 people who live in Brunei.

It is to deal with that situation that Sultan Bolkiah, who lives in Nurul Iman Palace, with its 1,788 rooms, must be ready to diversify the national economy, among other things, by attracting more foreign investment to Brunei. And one way to attract foreign investment is to change Brunei into a more democratic country. The present situation is often criticized by a number of Western countries.

Now it is a matter of waiting to see whether Sultan Bolkiah's experiment to change the political establishment in Brunei succeeds or not. If you look at political conditions in Brunei at present, such a political change will take a long time. And Abdul Latief Chuchu is aware of this. His "flying letter" will not change the monarchy into a democratic state.

Chuchu said: "Perhaps it is a matter of exerting pressure on a person to person basis and not directly on the quarter of a million people of Brunei." He may be aware that not many people in Brunei, who enjoy the luxuries given to them by their sultan, are prepared to support him, unless the economy of Brunei really collapses.

Singapore

Daily Cites Decline in Export Competitiveness

95SE0146A Jakarta MERDEKA in Indonesian 29 May 95 p 5

[FBIS Translated Text] Singapore's export competitiveness has declined as a result of the increase in workers' wages and production costs, as well as the strengthening of the exchange rate for the Singapore dollar. This was stated by Salomon Brothers Singapore Pte. Ltd. (SBS), an "investment house" [preceding two words in English].

In a report published in Singapore on 27 May, SBS stated that in terms of development from year to year, the labor unit cost in Singapore during the first quarter of 1995 has reflected an increase of 5.6 percent, the highest increase in the past 15 quarters.

Production costs have also grown by 4.1 percent, the largest increase in the past 12 quarters.

On the other hand, worker productivity has only grown by 2.8 percent, far below the rate of growth of productivity during the first quarter of 1994, which reached 7.3 percent.

The SBS report stated: "With the decline in the level of unemployment to 1.7 percent in March 1995, the pressure on costs has continued to develop. This pressure was further increased with the appreciation of the Singapore dollar by 3.6 percent in terms of the U.S. dollar so far in 1995, with the result that this situation has increasingly weakened Singapore export competitiveness."

Although they have experienced a rather meaningful increase during the first quarter of 1995, there are signs that Singapore exports will grow only moderately during 1995 as a whole.

The SBS report indicated that the rate of growth of Singapore exports to the United States during the first quarter of 1995 declined to 7.9 percent, compared to 16.2 percent and 15.3 percent during the first and last quarters of 1994, respectively.

The SBS report stated that during March 1995 exports to the United States increased by only 0.9 percent, a sign of the beginning of weakening demand from the United States. The economic survey released by the Singapore Government indicates that national economic growth declined to 7.2 percent during the first three months of 1995, compared to 11.9 percent during the same period of 1994.

The manufacturing sector has also experienced the same pressure, with the result that growth in this sector declined from 12.1 to 7.3 percent. In the construction sector growth declined from 14.2 to 6.9 percent. In the commercial sector growth declined from 10.1 to 9.0 percent. In the transportation and communications sector growth declined from 11.4 to 9.7 percent, while in the services sector growth declined from 16.5 to 5.6 percent.

Cambodia

Indonesian Foreign Minister on Official Visit

Alatas Arrives 27 Jun

BK2806144695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 27 Jun 95

[FBIS Translated Excerpt] An Indonesian Foreign Ministry delegation led by His Excellency [H.E.] Ali Alatas and his wife arrived in Phnom Penh in the Kingdom of Cambodia at 1110 on 27 June. They will pay a three-day official visit from 27 to 30 June 1995. The visit is being made at the invitation of H.E. Ing Huot, minister of foreign affairs and international cooperation.

This is the second visit to Cambodia by H.E. Ali Alatas since the achievement of national reconciliation in the Kingdom of Cambodia. It should be recalled that H.E. Ali Alatas was one of the pioneers who made a great contribution to the process of seeking peace and national reconciliation in Cambodia. He was vice chairman of the Paris international conference on Cambodia.

On hand at Pochentong International Airport to welcome H.E. Ali Alatas, his wife, and their entourage were H.E. Ing Huot and his wife as well as several other officials from the Cambodian Foreign Ministry. [passage omitted]

Discusses Refugee Repatriation

BK2806155295 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 28 Jun 95

[FBIS Translated Text] Foreign Minister Ali Alatas has admitted that the target to evacuate all Vietnamese and Cambodian refugees from Galang Island in August this year will not be realized. Therefore the Indonesian Government decided that the repatriation of the refugees must be completed at the end of this year.

Speaking to journalists after meeting his Cambodian counterpart, Ing Huot, in Phnom Penh yesterday, Ali Alatas said there should be voluntary repatriation of the Vietnamese and Cambodian refugees from Galang Island.

The issue of Galang Island was raised during talks between Ali Alatas and Ing Huot. This is because Indonesia wants to utilize the island for industrial development purposes as soon as possible. Thus the voluntary repatriation program for the 426 Cambodians from the island is expected to proceed as scheduled.

Offers Technical Development Aid

BK2906140895 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 29 Jun 95

[FBIS Translated Text] Indonesia is prepared to extend its assistance to Cambodia in its development process. In this regard, it is considered important to identify the necessary technical assistance that Cambodia will need so that Indonesia can provide suitable and correct forms of assistance.

Speaking when meeting with the Cambodian home minister in Phnon Penh, Foreign Minister Ali Alatas acknowledged that a number of Indonesian industrialists faced some difficulties with their trade and investment activities in Cambodia. He also stated that Indonesia warmly welcomed the reorganization and rationalization of the Cambodian Government, which caused no political and security upheavals.

The reorganization and rationalization of the Cambodian Government, among other things, involved the government administration, including its Armed Forces and police contingents.

Affirms Democratic Development

BK3006075695 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Jun 95

[FBIS Translated Text] Following talks with his Cambodian counterpart, Ing Huot, in Phnom Penh, Foreign Minister Ali Alatas said that Indonesia will not interfere in issues concerning democracy in that country. The formation of a suitable democracy for Cambodia should be determined by the Cambodian people themselves.

He said that following the 20-year period of war that afflicted Cambodia, there has been a very healthy development of democracy there.

A UN-supervised general election was held in Cambodia two years ago.

Hun Sen Denies Plans To Sack Bank Governor

BK2906015095 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 28 Jun 95 pp 1, 11

[Report by Visal]

[FBIS Translated Text] National Bank Governor Thao Pengleat, who, according to recent national and international press reports, will be sacked because of the Credit Bank of Cambodia [CBC] scandal, might see some ray of hope in light of a statement issued by Second Prime Minister Samdech Hun Sen on 26 June 1995.

It should be recalled that the PHNOM PENH POST, in its 16 June issue, said Thao Pengleat and National Bank Deputy Governor Chulong Somura will be fired later this month. The scandal concerning the bank governor stems from a $3 million loan to the CBC and cash withdrawals from the bank, despite a notice that had been served on the bank's closure and seizure of assets.

In the statement, Samdech Hun Sen called the report on the removal of Thao Pengleat a rumor, saying: "With regard to the rumor, I, Hun Sen, the second prime minister of the Royal Government of Cambodia [RGC], wish to affirm the following:

1. The National Bank of Cambodia is different from government institutions. The bank conducts its operations independently, although it has to join various government institutions in implementing the RGC's monetary policy and in stabilizing the macro economy.

2. The prince krompreah [Norodom Ranariddh] and I — the vice chairman of the Cambodian People's Party [CPP], who has been assigned by the CPP to be the RGC second prime minister and who has the special right to select the CPP members to join the RGC cabinet after consultations with the prince first prime minister, who, in turn, proposes the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party candidates for the cabinet posts with me — have never discussed or thought about replacing the National Bank Governor Thao Pengleat so far."

Samdech Hun Sen in the statement reaffirmed: "This is the second statement I am making in two months after the first one on the replacement of His Excellency [H.E.] Keat Chhon by H.E. Cham Prasit. I wish to point out that so long as I still receive a mandate from the CPP, an appointment from the king as the second prime minister, and have the confidence of the National Assembly, the replacement of any senior CPP officials should be decided by myself after consultations with the CPP leadership and the prince krompreah.

The damaging report, which has been disseminated, and however poisonous it is, is just a dark scheme of a tiny group of people who want only to see rift and instability. I wish to make it clear again that the personalities within the RGC, regardless of their political parties, are all trusted by the National Assembly and appointed by the king at the proposal of the two prime ministers. So every replacement should go through the two prime ministers; no one or no group can decide on their behalf."

Khmer Rouge Troops Withdraw From Poipet Area

BK2906104995 Hong Kong AFP in English 0947 GMT 29 Jun 95

[FBIS Transcribed Text] PHNOM PENH, June 29 (AFP) — The Khmer Rouge has withdrawn up to 200 guerrillas from an area where it was expected to launch an offensive in the northwest, making an attack there unlikely in the near future, officials said Thursday.

For weeks there has been speculation that the rebels would launch a major attack on Poipet in Banteay Meanchey province on the Thai border, an area the guerrillas had been shelling for the past week.

As many as 20,000 people living in Poipet and along National Route Five which runs east to the larger town of Sisophon have fled their villages fearing imminent large-scale Khmer Rouge attacks, according to aid workers there.

Rumours have run rampant in the province that the attack would occur this weekend.

But officials said Thursday the movement of guerrillas away from Poipet south to neighboring Battambang province made the threat less serious.

"About 150 mobile Khmer Rouge have moved from south of Poipet back into Bavel district (in Battambang province)," Van Chunli, the chief of the Battambang Provincial Police said.

"They are in the jungle there," he said citing intelligence reports gathered by his officers from villagers. "We have heard they changed their direction and will not attack Poipet."

The movement of the guerrillas leaves the Khmer Rouge with an estimated force of only 200-300 in the Poipet area, according to aid workers familiar with the northwest.

"It wouldn't make much sense to mount a large attack with only that number," one worker said by telephone from Battambang town.

Still, he cautioned that the Khmer Rouge are unpredictable. "It's very hard to tell what they will do, you can never know, but they rarely attack unless they know they can get away without losing too many fighters."

Nonetheless, villagers were still reported to be making their way along Route Five, which has been partially destroyed by rebel mortar attacks, from Poipet to Sisophon.

In the past three weeks, the Khmer Rouge have burned down hundreds of houses and scores of rice storage facilities in small communities between the two towns.

Local military commanders in Bavel distrct about 40 kilometers (24 miles) from Battambang town said they were bracing for heavy attacks from Khmer Rouge guerrillas who arrived in front of them Wednesday. They said guerrillas from four rebel battalions backed by at least 20 82-millimeter mortars were preparing to launch an attack later Thursday on the last village held by the government in front of the town.

Indonesia

Editorial Decries 'Shameless' U.S. Capitalism

BK2906144395 Jakarta MERDEKA in Indonesian 24 Jun 95 p 6

[Editorial: "Shameless Capitalism"]

[FBIS Translated Text] The United States has backed out of a proposal on the implementation of a tariff-free Asia-Pacific region by the year 2020. Due to this, Shojiri Imanishi, APEC (Asia-Pacific Economic Cooperation) executive director, was prompted to comment in Singapore recently that vacillation is the characteristic of superpower leadership. The United States has also objected to a short-term approach to freeing trade in the region between three and four years, beginning from next year. [sentence as published]

Washington was against the CUA (Concerted Unilateral Approach), an APEC term for a mechanism which requires APEC members to take steps based on a set of guidelines to liberalize trade and investment, based on the accord adopted at the APEC's Bogor summit last November.

The United States may be worried that it may have to give concessions on trade and investment without gaining anything in return from, particularly, the rapidly-growing Asian countries. In an effort to save its weakening economy, it is just normal for the United States to clear out of things by all means.

Apparently, the U.S. economy is suffering from a hard landing [two preceding words in English]. There are clear signs that the country is going to be hit by a recession and its economic engine is cooling down. Its domestic trade fell 4.6 percent in the beginning of May, and in April, the demand for durable household goods plummeted by 4 percent. As a result of inefficient monetary management, the value of the U.S. dollar continues to weaken against the Japanese yen and the German Duetsche mark.

If the economic situation in a country is gloomy, the people's way of thinking can be unclear too. The supporters of the Democratic Party believe that Alan Greenspan is likely to be renominated as chairman of the central bank of the United States or what is called The Federal Reserve [three preceding words in English]. A worse thing that is likely to happen is perhaps, Bill Clinton's nomination for a second presidential term of office will end like a bad dream. Extracting the gist of the illustration, it is easy to cite the forecast by economic experts that capitalism in the United States has now reached the "desperate" phase. It is at the critical stage.

What would happen if a person who wishes to have a longer life span is facing a death threat? With the objective of issuing permits to industries, and without any feeling of embarrassment, Washington is now demanding a short-term approach to free trade in the region. They want it to be effective not later than 2001. It is easy to foresee the consequence of the U.S. action. It will upset preparations for the APEC summit in Osaka. This is Shojiro Imanishi's main concern. Washington's rejection of the CUA, to be activated in 1997, is not only going to spoil the accord already reached, but it is also threatening the continuity of the APEC forum. This goes to prove that U.S. capitalism is shameless.

Laos

U.S Embassy Report on MIA Findings Cited

BK2906111395 Vientiane KPL in English 0939 GMT 29 Jun 95

[FBIS Transcribed Text] Vientiane, June 29 (KPL) — The group remains of two American servicemen, previously unaccounted for in Laos, have been identified as Captain Leo T. Thomas, Jr., United States Air Force, and Captain Daniel R. Poynor, United States Air Force, according to press release of the embassy of the United States of America here.

The remains were recovered in Xieng Khouang Province in May 1994 as the result of the Lao-U.S. Joint Field Activity 94-95. Captain Thomas and Captain Poynor had been unaccounted for since their aircraft crashed on December 19, 1971.

The fullest possible accounting of Americans missing from the period of the Vietnam War is a humanitarian issue of the highest national priority to the United State Government and the American people. The United States Government and its embassy in Vientiane greatly appreciate the continuing cooperation of the Lao Government on this important issue.

CPC Party School Delegation Visits

Meets Counterparts

BK2406164095 Vientiane KPL in English 0915 GMT 24 Jun 95

[FBIS Transcribed Text] Vientiane, June 24 (KPL) — A meeting was held yesterday at the Government Guest House Vang Sadet between a Lao delegation of the party-state higher school and a Chinese delegation of the party school of the Communist Party of China Central Committee.

Heading the Lao delegation was director of the school, Mr Sileua Kounkham, and the Chinese delegation was led by its vice director, Mrs Wang Chang Loui [name as received]

During the friendly meeting the two sides informed each other of the general condition of their schools, reviewed the cooperation between the two institutes during the past four years, and discussed the assistance between the two institutes during the future cooperation.

The Chinese delegation arrived here on June 22 on a six-day visit to Laos. During the working visit, the delegation will pay courtesy visits to eminent Lao figures and will visit some economic and cultural bases in Vientiane prefecture and in Luang Prabang Province.

Sisavat Keobounphan Hosts Delegation

BK2806142395 Vientiane KPL in English 0908 GMT 27 Jun 95

[FBIS Transcribed Text] Vientiane, June 27 (KPL) — Mr. Sisavat Keobounphan, minister of agriculture and forestry and president of the Laos-China Friendship Association, yesterday received a delegation of the party school of the Communist Party of China Central Committee headed by its vice director, Mrs. Wang Chang Loui, during its six-day working visit to Laos.

The president of the Laos-China Friendship Association expressed his warm welcome and hoped that the visit to Laos by the delegation would contribute to developing the ties of friendship and cooperation between Laos and China one step ahead. He also wished the Chinese delegation success in its working visit here.

Thailand

U.S. Threats To Revoke MFN Status Examined

BK2906105295 Bangkok BANGKOK POST in English 29 Jun 95 p 17

[FBIS Transcribed Text] In a move which has dramatic implications for Thailand, the US has signaled its readiness to use the threat of revoking Most Favored Nation (MFN) provisions to force nations to open banking and securities markets worldwide.

In a June 8 speech before the US Senate Committee on Banking, Housing, and Urban Affairs, US Trade Representative Mickey Kantor (USTR) singled out insurance liberalisation as an area the US must stand firm on.

In an apparent allusion to ongoing trade talks with Thailand, he noted: "One country has made a draft commitment that does not even protect the rights already acquired by US firms located there."

He then warned that the draft commitment could force the divestiture of US insurance companies. As a result US insurers, some of whom hold all of the equity share in their subsidiary, would be reduced to the status of a minority joint venture.

Thailand and the US have been entangled in talks over the controversial Universal Insurance Co case since 1992 when the Non-life Insurance Law was passed. That law stated that a Thai insurance company must be at least 75% owned by Thais.

Universal, also known as Phaisan Insurance Co, is more than 99% American-owned and has been seeking unsuccessfully since 1992 to open 11 additional branches in Thailand.

Last month, the Council of State ruled that Universal could not legally open the branches. That ruling has set off a trade conflict with the US and the two nations have been involved in talks ever since in an effort to head off possible US trade sanctions.

In his speech, Mr Kantor called for developing countries to head the GATT and World Trade Organisation (WTO) commitments to market liberalisation.

"It is somewhat frustrating that developing countries seem to have the greatest difficulty making commitments in the WTO," he said, calling on them to act to provide "substantial levels of market access" for US insurance firms.

However, the deputy permanent secretary of the Ministry of Commerce said Thailand has not changetits position on the issue. Karun Kittisathaphon said Thai officials will meet with other ASEAN representatives to band together i(nancial liberalisation talks with the US.

On the issue of the US threat to withhold MFN status from Thailand, Mr Karun said the US commonly used this threat to try to force countries to open their markets.

MFN status grants lowered import tariff rates on exports to the US. Trading partners of the US have generally condemned the use of MFN status, GSP concessions, and the so-called Special 301 trade provisions as unfair unilateral trade sanctions.

Mr Kantor said he recognised that using the MFN as a threat in the insurance liberalisation talks would be condemned by many countries.

"I can assure you that this will not be a popular decision in Geneva. Indeed, we (the US) have been warned by a number of countries that to take this action will undermine the services provisions of the WTO," he said. However, he insisted again that the WTO was only effective if its trade policies were followed by all countries.

Kanison Naranukhlo, minister counsellor for the Office of Commercial Affairs in Washington D.C., said the US was serious about its threat to withdraw MFN status for developing countries which did not provide "satisfactory progress" in the liberalisation of their financial services sectors.

He warned that the action was especially likely for Asian countries which, because of their growing economies, are considered highly lucrative by American insurance and financial companies.

Burmese Troops 'Advancing' on Karenni Positions

BK3006102395 Bangkok THE NATION in English 30 Jun 95 p A6

[Report by James Fahn of THE NATION]

[FBIS Transcribed Text] Mae Hong Son — A battle is imminent between Burmese troops and a Karenni resistance group in Burma's Kayah state, according to Karenni sources.

A representative of the Karenni National Progressive Party (KNPP) said yesterday that 3,000-4,000 soldiers from Burma's 55th Brigade were advancing on Karenni positions.

"The KNPP has now given its troops the green light to fire in self defence," the source said.

He denied Thai news reports that seven Karenni had been killed in a fight with Burmese soldiers on Sunday, saying that the order to return fire had been issued only on Wednesday.

But he said the ceasefire agreement between the KNPP and Burma's ruling State Law and Order Restoration Council (SLORC) had virtually collapsed.

The verbal agreement reached on March 21 split Kayah State into KNPP and SLORC controlled zones.

Thai officials confirmed that Burmese troops had entered KNPP areas.

"Earlier reports about the troop movements are true," said one well-placed Thai official who wished to remain anonymous. "I'm afraid there is a real possibility a battle will break out.

"This could lead to more Burmese refugees coming over into Thailand. There are already 50,000 in camps situated between the town of Mae Hong Son and Tak."

The Thai sources added that the military was ready to prevent any incursions onto Thai territory.

Khun Yuam District chief Witthaya Thitisutthi said Thailand was ready to look after the humanitarian needs of people displaced by any fighting.

Witthaya still held out hope that an agreement between SLORC and the NKPP could be reached to prevent hostilities.

"SLORC intends to take over all of Kayah state," he said. "I don't think there's anything the Karenni could have done to prevent this."

Cabinet Extends Boundary for Territorial Sea

BK3006102195 Bangkok THE NATION in English 30 Jun 95 p A6

[FBIS Transcribed Text] The Cabinet has approved the extension of Thailand's territorial waters from 12 to 24 nautical miles offshore, the Foreign Ministry announced yesterday.

The extension is seen as an effective method of tackling the problem of oil smuggling in the Gulf of Thailand, the ministry statement said.

It had been under consideration for some time, but its implementation had been delayed by legal technicalities.

"In the extended area, from 12 to 24 nautical miles out, Thailand will have only limited authority, less than within the existing 12-mile boundary where Thailand will continue to have full power," the press release said.

Each country had full authority over activities within the 12-mile zone, including natural resources. In the extended zone, legal power was limited to the areas of customs, finance, immigration and public health.

The Cabinet decision complied with international law which enabled each country to enhance its national territorial waters.

Central Bank Governor on Formation of New Banks

BK2906142795 Bangkok BANGKOK POST in English 29 Jun 95 p 1

[FBIS Transcribed Text] The Bank of Thailand (BOT) Governor Wichit Suphinit yesterday acknowledged that it would not be easy to comply with the regulations governing the establishment of five new commercial banks.

The criteria, jointly developed by BOT and the Ministry of Finance, is aimed at ensuring the new banks are competitive, have a wide ownership distribution and contribute to efforts to redistribute wealth to the provinces. The regulations are expected to be unveiled within the next week.

Mr Wichit suggested that financial institutions not qualified to upgrade to banks consider taking over or merging with their counterparts in order to satisfy the criteria.

The central bank believed the five new banks would stimulate competition in the sector by competing with the existing 15 Thai banks, foreign banks and banks participating in the Bangkok International Banking Facility.

Mr Wichit said smaller banks should consider merging to boost their competitiveness, reduce their operating costs and avoid the problems of recruiting skilled finance staff.

He said the criteria should only be used as guidelines for the establishment of new banks, adding that the Bank of Thailand is open to the formation of new banks through mergers and acquisitions.

"Whatever can bring about economy and strengthen financial institutions should be considered," Mr Wichit said.

He said that changes had been made to the tax system to facilitate mergers and takeovers.

Vietnam

U.S. War Veterans Reject Hendon MIA Claims

BK3006112895 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 12 Jun 95 p 6

[Do Chuyen's article: "The Voice of Truthful Americans on the Missing Servicemen Issue"]

[FBIS Translated Text] Many Americans are paying attention to the issue of the normalization of ties with Vietnam. The only obstacle to normalization, in the view of the U.S. Government, is issue of servicemen missing in action (MIA). In recent years, our government and people have done our best to cooperate with the U.S. in solving this humanitarian issue.

President Bill Clinton and many U.S. leaders have acknowledged the goodwill of the Vietnamese Government and people. There are still, however, some forces in the U.S. swimming against the tide of common trends, using the MIA issue to hamper the normalization process. One of them is Billy Hendon, a former Republican representative for North Carolina. Mr. Hendon has visited Vietnam many times, and on every instance has insisted that he possessed "intelligence" regarding living American prisoners. However, he has failed to produce any concrete evidence. He came to Vietnam again in early June this year and made the same old claims while he was in Hanoi.

Regarding this issue, the spokesperson of our Ministry of Foreign Affairs announced: "This is not the first time Billy Hendon has made fabrications and distorted Vietnam's goodwill and serious cooperation on the issue of missing servicemen." Colonel Melvin Richmond, head of the Hanoi office of the U.S. Joint Task Force-Full Accounting (JTFFA) also said: "There is no evidence of any living Americans being detained in Vietnam."

A group of American war veterans now working in Vietnam released on 7 June a joint declaration completely rejecting Mr. Hendon's distorted claims. The signatories were Mr. Richard Berry, vice president of Citibank's Hanoi branch, and other war veterans Bill Couture, John F. Hosier, Chuck Searcy, Peter Sheridan, and others.

The declaration reads: "The exploitation of the MIA issue by Mr. Hendon is regrettable and offensive. We live with the reality of the MIA issue everyday, and we know the truth. We deeply understand the feelings of the families of missing servicemen, both in the U.S. and in Vietnam.

"We have witnessed the effective work of American personnel looking for missing servicemen in Vietnam. Their tireless efforts and the unselfish and unconditional cooperation of the Vietnamese people in searching for the missing Americans are unprecedented. There are only 55 cases left of American servicemen missing in the Vietnam War that are still unaccounted for. This is a considerable achievement.

"We firmly trust that the investigations and searches will continue to be successful in the current cooperative atmosphere between Vietnam and the U.S. We also believe that full diplomatic recognition and normalization of U.S.-Vietnam relations are the best guarantees for the continuation of MIA operations.

"Mr. Hendon has launched baseless accusations against both Vietnamese and Americans, and has never — not even once in his many years of publicity seeking — produced any evidence to back up his claims.

"We protest Mr. Hendon's shameful deed, which is an insult and disgrace to hundreds of Americans and Vietnamese who have been working tirelessly for many years to solve the MIA issue. It is also an insult to millions of people who died in the war. His deliberate interference in the process to seek the fullest accounting of missing servicemen is show of contempt toward the families of missing servicemen, against people who are working on the issue everyday, against war veterans, and against all conscientious people from both sides who are working for a reconciliation between the U.S. and Vietnam for the sake of a future of friendship and peace.

Division 324's Downing of 'Enemy' Planes Cited

BK3006034295 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 29 Jun 95

["Essay" by Xuan Son]

[FBIS Translated Excerpt] [Passage omitted on decorations conferred on Division 324 and hailing of Division 324's fine military performance] In those days, Thua Thien-Hue was a very fierce battlefield. Dozens of thousands of cadres and soldiers from Division 324 fell on this battlefield.

The division, however, grew up in this place, continuously scored excellent victories, frustrated many attempts to counter attack by the American and puppet forces, and maintained and expanded liberated areas to create new fronts for the entire battlefield.

From the harsh challenge of the war, Division 324 built up a tradition of organic unity with the people to gain more victories. Many groups and individuals of the division have scored resounding victories on the Tri Thien-Hue battlefield. There was the shooting down of 12 enemy airplanes in one day from the high ground of Ko Bung by the 12.7-millimeter antiaircraft machine gun squad of the air defense battalion. There was also the daring fighting to smash the counterattack by U.S. Paratroop Forces in A Bi A, as well as the fighting to annihilate Brigade 147 of the puppet army on the 550 vantage point along the No. 9 National Highway of southern Laos. [passages on military achievements and measures to improve performance by Division 324 in 1975 and later years omitted]

Iraqi Vice President on Friendship Visit

Welcome Ceremony Held

BK2906144495 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 29 Jun 95

[FBIS Translated Text] Vice President of the Republic of Iraq Taha Yasin Ramadan arrived in Hanoi yesterday, 28 June, for a friendship visit to our country at the invitation of Vice President Nguyen Thi Binh. A solemn ceremony was officially held this morning at the Presidential Palace Square to welcome the Iraqi vice president. On hand to welcome Vice President Taha Yasin Ramadan and the other distinguished Iraqi guests were Vice President Nguyen Thi Binh; Nguyen Viet Dung, director of the Presidential Office; Ho Te, minister of finance; Le Van Triet, minister of trade; Hoang Van

Nghiem, chairman of the Hanoi municipality people's committee; and many other relevant cadres. Also attending the welcoming ceremony were members of the diplomatic corps and representatives of international organizations in Hanoi.

Following the flag raising ceremony, Vice President Nguyen Thi Binh guided the Iraqi vice president in reviewing a Vietnam People's Army honor guard and introduced him to Vietnamese and foreign officials present at the welcoming ceremony.

Speaking on this occasion, Vice President Nguyen Thi Binh welcomed the distinguished Iraqi guests' official friendship visit to our country and hoped that the meetings in the framework of this visit would create favorable conditions for further strengthening the friendly and cooperative ties between the two countries.

Iraqi Vice President Taha Yasin Ramadan thanked the Vietnamese state and people for the warm reception accorded to his delegation. He hoped that the visit would yield fine results and open up new prospects for Vietnam-Iraq friendship and cooperation.

Also this morning, the Iraqi state delegation headed by Vice President Taha Yasin Ramadan paid a floral tribute to President Ho Chi Minh at his mausoleum and toured his residence and office.

Leaders Receive Vice President

BK3006064995 Hanoi VNA in English
1518 GMT 29 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 29 — Party General Secretary Do Muoi received here this afternoon Iraqi Vice President Taha Yasin Ramadan.

At the reception, Mr. Ramadan conveyed regards from President Saddam Husayn and the leadership of the ruling party to Mr. Muoi and expressed his thanks to the Vietnamese leaders and people for their hospitality. He stated that the Iraqi people highly appreciate the Vietnamese people's friendship and wished that the two countries would further strengthen their contacts, broaden cooperation and exchange experience in national construction.

General Secretary Muoi thanked the Iraqi Government and people for their precious assistance and support for the Vietnamese people's national liberation in the past and national development at present. He asked the vice president to convey his regards to President Saddam Husayn and other Iraqi leaders.

The Iraqi vice president was received here this afternoon by Prime Minister Vo Van Kiet who welcomed Mr. Ramadan's visit as a fine manifestation contributing to the promotion of the Vietnam-Iraq relations in the interests of each country. Mr. Kiet expressed his wish that this visit and the signing of several cooperation documents between the two countries on this occasion would further strengthen their friendship and cooperation.

For his part, Mr. Ramadan reaffirmed that Iraq would promote its mutually beneficial cooperation with Vietnam for each country's prosperity.

The Iraqi guests were also received this afternoon by Chairman of the National Assembly Nong Duc Manh who affirmed that the Vietnamese party, government and people have attached importance to their relations with Iraq and wished for further development of the relations.

On this occasion, Mr. Ramadan expressed his wish for the promotion of the relations between the two national assemblies.

Nguyen Thi Binh Holds Talks

BK3006121395 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 29 Jun 95

[FBIS Translated Text] Vice President Nguyen Thi Binh held talks here this morning with Iraqi Vice Chairman President Taha Yasin Ramadan. Present at the talks, on the Vietnamese side were Nguyen Viet Dung, director of the Presidential Office, Finance Minister Ho Te, Trade Minister Le Van Triet, Deputy Foreign Minister Nguyen Dinh Bin, and representatives of some related ministries and sectors.

On the Iraqi side were Trade Minister Muhammad Mahdi Salih; Deputy Foreign Minister (Abdul Jabbar Omar Al-douri); Deputy Finance Minister (Hashim Ali Obed); (Mahdi Hamoudi al-Samarae), ambassador extraordinary and plenipotentiary of the Republic of Iraq to Vietnam; and some other high ranking officials.

Speaking at the talks, Vice President Nguyen Thi Binh hailed the friendship official visit to Vietnam by Vice President Taha Yasin Ramadan and the high ranking delegation of the Republic of Iraq. The visit has brought the warm affection of the Iraqi people to the Vietnamese people. She considered this visit as an important event contributing to the consolidation and strengthening of the existing friendship and cooperative relation between Vietnam and Iraq.

The Vietnamese and Iraqi vice presidents informed each other of their countries' situation, exchanged view on the orientation and measures to strengthen the traditional friendship and cooperative ties between Vietnam and Iraq and on some regional and international issues of common concern.

On behalf of the Vietnamese government and people, Vice President Nguyen Thi Binh sincerely thanked the Iraqi government and people for their precious support to Vietnam during our former struggle for national unification and our current national renovation and construction. She expressed the Vietnamese people's sympathy at the great difficulties the Iraqi people have to experience due to the trade embargo. She believed that with goodwill and the efforts of the Iraqi Government and people as well as the international and regional great support, the embargo would soon be lifted so that the Iraqi people can restore their normal life and national construction.

Vice President Taha Yasin Ramadan expressed pleasure at his first visit to Vietnam and highly valued the important achievements recorded by the Vietnamese people in their renovation process. He believed that the Vietnamese people, with their tradition of brave struggle and their industrious and creative work, will certainly build their country toward happiness and prosperity.

The two sides noted with satisfaction the constant development and consolidation of the friendly and cooperative ties between Vietnam and Iraq. They affirmed their wish and determination for further promotion of these ties in the interests of the two peoples.

The talks took place in an atmosphere of friendship and mutual understanding.

Vice President Ends Visit

BK3006122595 Hanoi Voice of Vietnam in English 1000 GMT 30 Jun 95

[FBIS Transcribed Text] A press conference was held on Friday at the end of the Iraqi vice president's visit to Vietnam. Speaking to newsmen, Vice President Ramadan expressed sincere thanks to Vietnam's warm reception, saying the good impression of Vietnam would help foster long-term cooperation between the two countries. The vice president also informed newsmen that the two sides have discussed bilateral issues and measures to promote bilateral ties when the embargo on Iraq was lifted.

[Hong Kong AFP in English at 1012 GMT on 30 June in a Hanoi-datelined report adds: "Vietnam gave support to Iraq's bid to get the United Nations to lift an embargo imposed after it invaded Kuwait in 1990, the Iraqi vice president said here Friday. Speaking at a press conference at the end of a two-day visit, Iraqi Vice-President Taha Yasin Ramadan said Vietnamese leaders had given their support for the lifting 'as soon as possible' of the embargo."]

Earlier on Thursday, Iraqi Vice President Taha Yasin Ramadan was received by Vietnamese National Assembly Chairman Nong Duc Manh, Prime Minister Vo Van Kiet, and Communist Party General Secretary Do Muoi. Mr. Vo Van Kiet told the Iraqi vice president he hoped the latter's visit and the agreement scheduled to be signed on this occasion will give a strong spirit to the traditional ties of friendship and cooperation between Iraq and Vietnam. General Secretary Do Muoi, for his part, thanked Iraq for its valuable assistance to Vietnam. He said Vietnam knew what Iraq was going through, and wished the Iraqi people success in restoring the national economy and rebuilding the country into a prosperous one.

Forum Meets on Australian-Funded Bridge Project

BK2906152295 Hanoi VNA in English 1212 GMT 29 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 29 — The 5th conference of the Vietnam-Australia joint steering committee for the board on feasibility study of the construction of the My Thuan Bridge, which will cross the Tien River, was held here on June 27 and 28.

Minister of Transport and Communications Bui Danh Luu and the two co-presidents of the joint steering committee took part in the conference.

The participants discussed issues relating to capital contribution, construction management and technical design of the future bridge with a view to ensuring that the construction of the bridge will start in late 1996 as scheduled.

The My Thuan Bridge, to be built across the Tien River in the Mekong Delta on the National Highway 1, will be 2,000 metres long and 16.5 metres wide with a vertical clearance of 37.5 metres. Seventy per cent of its total investment capital will be contributed by Australia and the rest by the Vietnam.

The feasibility study for the construction of the My Thuan Bridge is being implemented with financial assistance worth [Australian dollars] AUD 3 million from the Australian partner and [Vietnamese dong] VND 1 billion (roughly USD 100,000) from the Vietnamese partner.

Vo Van Kiet Urges Practice of Thrift

BK2806111995 Hanoi VNA in English 0630 GMT 28 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 27 — Prime Minister [PM] Vo Van Kiet has urged all ministers, heads of other government bodies, the armed forces, state-run enterprises and businesses, and mass organisations nationwide to practice thrift and fight against wastefulness.

PM Kiet's instruction was made following a resolution by the National Assembly and an ordinance by the party Secretariat on thrifty practices and the campaign against wastefulness.

Immediate measures to be taken cover the following areas:

— The construction of any new headquarters for government institutions and capital required must be in line with the Prime Ministers 829/TTG decision.

— Purchase of any more saloon cars funded from the state budget must be suspended in the 1995-96 period. Regulations to encourage high-ranking officials to use more public means of transport are also being urged.

— Purchase of office and other work-place equipment must be made in line with the demand for modern instruments to replace old ones, but also in an economic manner.

— Telephones, telegraph and faxes at offices must be used for official business only, not for personal or private business purposes

— Regulations on housing for high-ranking officials will also be developed.

— Expenditure for organizing conferences, seminars and receptions must be carried out in line with provisions defined by the Ministry of Finance and in a thrifty manner.

— The Ministry of Finance should consider, supplement and amend, if necessary, regulations on expenditure by Vietnamese cadres sent abroad.

— Management boards, directors of state-run enterprises and businesses should also improve the management of production and business activities in order to actively participate in the campaign against wastefulness.

Ministry Reports on Rice Exports, Price

BK2906010995 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 26 Jun 95

[FBIS Translated Text] According to the records of the agency in charge of the rice export quota allocation [Ministry of Agriculture and Food Industry], by the end of June businesses nationwide will have exported 1.27 million tonnes of rice. This fulfills 63.5 percent of annual plan and is 41.4 percent higher than for the same period last year.

Noteworthy is that the quality of the rice is much higher than in previous years and was well liked and trusted by international customers. The average price of the exported rice, though it increased by $21.55 per tonne compared to the same period in 1994, was still 10 percent lower than the price of the same type sold by neighboring countries. Rice prices are presently increasing in the world market. From the end of May till now, rice prices in world markets have increased by 15 percent in comparison to early May.

The government has been striving for tighter rice export controls from now until end of the year to ensure adequate national grain reserves.

Order Issued on Stock Exchange Preparation

BK2806141595 Hanoi VNA in English 1223 GMT 27 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 27 — The prime minister has issued a decision on June 20 to set up a board to prepare for the development of a stock exchange, to advise the prime minister on necessary actions for the development of a future stock exchange in Vietnam.

The Stock Exchange Board has been tasked to: draft legal documents on stock and stock exchange to be submitted to the government, the prime minister and relevant agencies for approval; draft government decrees on the formation of the State Stock Committee and its operations to be submitted to the government for promulgation; select a group at state cadres who are specialised in state, market and stock exchange management; and work with foreign countries and international organisations on other relevant issues.

The decision also regulates the apparatus for the stock exchange, with management board members to be appointed by the prime minister.

Australia

McMullan Decries U.S. Financial Services Stand

BK3006091495 Hong Kong AFP in English 0846 GMT 30 Jun 95

[FBIS Transcribed Text] Canberra, June 30 (AFP) — Australian Trade Minister Bob McMullan said Friday he was extremely disappointed that the United States had blocked a global agreement to liberalise trade in financial services.

The United States blocked an agreement in World Trade Organisation [WTO] talks in Geneva by warning it would limit access to its financial services market for newcomers from countries that maintained curbs on US firms.

European trade diplomats said the action could result in the collapse of 18 months of bargaining ahead of a deadline to reach agreement by 2200 GMT Friday, although a WTO official said talks would continue.

McMullan said he was "extremely disappointed" with the US decision and had ordered Australian ambassador in Washington, Don Russell, to urgently convey the government's concern to the US government.

He said he told Russell "to make representations urging the US not to abandon the negotiations at this critical juncture and to give leadership in the negotiations in the same way it has done in the past on this issue."

Australia hoped negotiations could be continued in the near future, he said.

"The US decision could also harm the emerging multilateral negotiations on services in other sectors, particularly maritime and telecommunications," McMullan added.

McMullan said negotiations over liberalising trade in financial services had been difficult in the past.

"A similar point was reached in the services negotiations at the end of the Uruguay Round (of trade liberalistion talks) but parties finally agreed to continue negotiating," he added.

European Union ministers were meanwhile due to meet in Geneva later Friday to discuss the US decision to block an agreement on further opening trade in financial services, EU officials at the WTO said.

Ministry on Benefit of Japan-U.S. Auto Accord

BK3006083495 Melbourne Radio Australia in English 0100 GMT 30 Jun 95

[FBIS Transcribed Text] Federal industry minister, Peter Cook, says Australia is poised to take advantage of the newly opened Japanese car and car parts market. Senator Cook says the agreement reached between Japan and the United States opens the way for Australian car parts manufacturers.

He is to lead an Australian delegation to Japan next week to bid for the new opportunities.

[Begin Cook recording] What this has done is open up the Japanese market to all nations. We are very competitive. The Americans will obviously be wanting their component part manufacturers to take a big share of this market, but I think we will be there, I think, first and with the good product, and I expect that we will come away with the a very useful outcome. [end recording]

Officials Continue Condemnation of French Testing

BK2906013595 Melbourne Radio Australia in English 0500 GMT 28 Jun 95

[FBIS Transcribed Text] There have been more strong criticism from the Australian Government over France's decision to resume nuclear testing in the Pacific. In the latest attack, the prime minister, Paul Keating, accused France of acting like an old world colonial power in its decision to resume nuclear testing.

Addressing a business forum in Sydney, the prime minister has drawn on Australia's past wartime alliances to question the French decision. Mr. Keating said it is not the sort of behavior expected of a democratic ally.

[Begin Keating recording] This is a democracy we had twice gone to war with. This is a democracy that believes in liberty in a very profound way and yet it is acting in a colonial way in the Pacific, and this is not part of metropolitan France and one expects in the end of the 20th Century for democracies to behave in a way which ever democracies can approve of. [end recording]

The federal veterans affairs minister, Con Sciacca, echoed the theme saying France should test atomic weapons in its own backyard. As Jan Veldkamp reports, Mr. Sciacca was speaking to hundreds of war veterans at the annual conference of the Victorian Returned Services League in Melbourne today.

[Begin recording] [Veldkamp] The minister told delegates he had not publicly spoken out on the issue because he was president of the French-Australian Parliamentary Friendship Group. He said he was still vice president, but would resign after hearing of President Chirac's attitude.

[Sciacca] I heard President Chirac then asked the question about do you know what is happening in Australia, and you know what he said? Virtually, I couldn't care less. I just want to say this to you. I have seen thousands upon thousands of graves of people from this country that had been over there trying to stop them from being bombed and they now want to come here and throw sort of bombs in our backyard. I know it is not here in our country itself, but it is into South Pacific. [end recording]

Ministers Pledge To Maintain Pressure on France

LD3006074795 Melbourne Radio Australia in English 0700 GMT 30 Jun 95

[FBIS Transcribed Text] The foreign ministers of Australia and New Zealand say they will keep up pressure on France to stop nuclear testing in the Pacific. However, after a meeting in Wellington, Gareth Evans and Don McKinnon said there would be no new protest initiatives against France.

Senator Evans said Australia and New Zealand would use a mixture of protest and persuasion to keep up pressure on France. Any further action was likely to be taken through the South Pacific Forum. Senator Evans said Australia and New Zealand wanted to hear the views of the other 13 members of the forum.

Senator Evans held out no hope of France calling off the tests but he hoped it might be persuaded to conduct fewer than the eight tests scheduled to be held between September and May. Senator Evans and Mr. McKinnon both ruled out sending naval ships to the Mururoa nuclear test zone to register their opposition. New Zealand sent a warship to the area in 1973. Both countries have frozen their contacts with France and Australia has recalled its ambassador from Paris in protest against the tests.

Economy Doing 'Well' Despite Record Deficit

BK3006101395 Melbourne Radio Australia in English 0500 GMT 30 Jun 95

[FBIS Transcribed Text] The federal treasurer, Ralph Willis, says despite Australia's record current account deficit the nation economy is performing well. Balance of payment figures show the current account deficit blew out by 697 million Australian dollars in May to $2.9 billion, a record high. Mr. Willis says there is a need to get the current account deficit down by getting the budget through federal parliament. The treasurer has accused the coalition and senate minor party of acting against the national interests by opposing some tax measures which in turn will reduce the budget surplus. Mr. Willis says today's figures do not change the budget forecast for this year.

[Begin Willis recording] Nor does it change in any way that the projected betterment of that outcome in 95-6 and the betterment of that outcome has been bolstered by the recent report of the Bureau of Agriculture Research Economics; we can expect even greater improvement in commodity export than we had forecast by them at the time of the budget. [end recording]

Western Samoa

Prime Minister Wants French Attendance at Forum

BK2806161295 Melbourne Radio Australia in English 0500 GMT 28 Jun 95

[FBIS Transcribed Text] Western Samoa says it wants France to attend the forthcoming annual South Pacific Forum as France can hear the anger of the Pacific nations over its plans to resume nuclear testing at Moruroa Atoll. Australian Prime Minister Paul Keating wants France excluded but Western Samoa's prime minister, Tofilau Eti Alesana, says he wants France to attend the forum's dialogue sessions. He says it is the only way the French will gauge the level of grievance in the Pacific over the planned tests.

The forum to be held in Madang, Papua New Guinea, in September is followed by a dialogue session with major powers and aid donors who are briefed on proceedings.

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